

# ADDENDUM B

# Financial Statements

*February 2007*

PALOMAR  
POMERADO  
HEALTH  
SPECIALIZING IN YOU

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**FEBRUARY 2007 FINANCIAL RESULTS  
EXECUTIVE SUMMARY and HIGHLIGHTS**

**Statistics:**

<b>CONSOLIDATED</b>	<b>Jan</b>	<b>Feb</b>	<b>Jan vs Feb % Change</b>	<b>Feb Budget</b>	<b>Act vs Bud % Variance</b>	<b>YTD Actual</b>	<b>YTD Budget</b>	<b>Act vs Bud % Variance</b>
Patient Days Acute	10,530	8,877	-15.7%	8,961	-0.9%	74,261	77,775	-4.5%
Patient Days SNF	6,526	5,914	-9.4%	5,953	-0.7%	51,271	51,664	-0.8%
ADC Acute	339.67	317.03	-6.7%	320.04	-0.9%	305.61	320.06	-4.5%
ADC SNF	210.52	211.21	0.3%	212.61	-0.7%	210.99	212.61	-0.8%
Surgeries CVS Cases	10	7	-30.0%	10	-30.0%	81	85	-4.7%
Surgeries Total	974	872	-10.5%	941	-7.3%	7,671	8,160	-6.0%
Number of Births	473	378	-20.1%	451	-16.2%	3,684	3,912	-5.8%
<b>NORTH</b>								
Patient Days Acute	7,939	6,699	-15.6%	6,680	0.3%	55,788	57,974	-3.8%
Patient Days SNF	2,760	2,477	-10.3%	2,481	-0.2%	21,321	21,532	-1.0%
ADC Acute	256.08	239.25	-6.6%	238.57	0.3%	229.59	238.57	-3.8%
ADC SNF	89.03	88.46	-0.6%	88.61	-0.2%	87.74	88.61	-1.0%
<b>SOUTH</b>								
Patient Days Acute	2,591	2,178	-15.9%	2,281	-4.5%	18,473	19,801	-6.7%
Patient Days SNF	3,766	3,437	-8.7%	3,472	-1.0%	29,950	30,132	-0.6%
ADC Acute	83.58	77.79	-6.9%	81.46	-4.5%	76.02	81.48	-6.7%
ADC SNF	121.48	122.75	1.0%	124.00	-1.0%	123.25	124.00	-0.6%

**FEBRUARY 2007 FINANCIAL RESULTS  
EXECUTIVE SUMMARY and HIGHLIGHTS (cont'd)**

**Balance Sheet:**

**Current Cash & Cash Equivalents** increased \$6.7 million from \$103.7 million in January to \$110.4 million in February. Total Cash and Investments are \$107.4 million, compared to \$121.6 million at June 30, 2006. Days Cash on Hand went from 97.0 days in January to 107.0 days in February compared to 128 in June.

**Net Accounts Receivable** decreased to \$89.4 million in February as compared to \$91.1 million in January. Gross A/R days decreased from 54.9 days in January to 50.4 days in February. February patient account collections including capitation are \$30.8 million compared to budget of \$29.9 million. February YTD collections are \$225.5 million compared to budget of \$239.2 million.

**Construction in Progress** increased \$1.9 million from \$ 119.5 million in January to \$121.4 million in February. The increase is attributed to Pomerado Phase I construction costs \$.4 million and Building Expansion A & E Services \$1.3 million.

**Other Current Liabilities** decreased \$504 thousand from \$17.3 million to \$16.8 million primarily due to the realization of Deferred Property Tax Revenue of \$1.1 million in January.

**FEBRUARY 2007 FINANCIAL RESULTS  
EXECUTIVE SUMMARY and HIGHLIGHTS (cont'd)**

**Income Statement:**

**Gross Patient Revenue** for YTD February reflects an unfavorable budget variance of \$16.3 million. This unfavorable variance is composed of \$18.6 million unfavorable volume variance and \$2.3 million favorable rate variance.

Routine revenue (inpatient room and board) reflects an unfavorable \$7.5 million budget variance. North is responsible for \$6.1 million of this variance.

Inpatient Ancillary revenue represents a \$17.1 million unfavorable budget variance. North reflects an unfavorable variance of \$1.8 million and South reflects \$15.3 million unfavorable variance. The unfavorable variance is primarily due to the Surgery, Surgery Patient Supply and Pharmacy departments.

Outpatient revenue reflects a favorable budget variance of \$8.3 million. North has a \$8.0 million favorable variance and South has a \$1.1 million favorable variance. These two amounts are decreased by Outreach's \$0.8 million unfavorable variance.

## FEBRUARY 2007 FINANCIAL RESULTS EXECUTIVE SUMMARY and HIGHLIGHTS (cont'd)

### Income Statement (cont'd):

**Deductions from Revenue** reflect a YTD favorable variance of \$12.2 million. This is due to lower-than-budgeted volume and budgeted gross revenue. Total Deductions from Revenue is 69.25% of gross revenue compared to a budget of 69.35%. Deductions from Revenue (excluding Bad Debt/Charity/Undocumented expenses) is 64.58% of YTD Gross Revenue compared to budget of 64.78%.

The net capitation reflects a favorable budget variance of \$1.7 million. Cap Premium and Out of Network Claim Expense both show an unfavorable budget variance of \$2.0 million and \$2.7 million respectively. Cap Valuation shows a favorable variance of \$6.4 million to offset.

**Other Operating Revenue** reflects a YTD unfavorable budget variance of \$1.1 million. The two most significant contributors to this variance are the Foundation where actual PPH funding requests are \$418 thousand below budget and PPNC Health Development where actual grants are \$407 thousand below budget.

**Salaries, Wages & Contract Labor** has a YTD favorable budget variance of \$2.8 million. This variance is mostly attributable to lower-than-budgeted volumes and staff flexing. The breakdown is as follows:

	YTD Actual	YTD Budget	Variance
<b>Consolidated</b>	122,115,321	124,996,935	2,881,614
<b>North</b>	70,756,309	71,424,602	668,293
<b>South</b>	29,560,377	30,934,189	1,373,812
<b>Central</b>	15,922,622	17,044,308	1,121,686
<b>Outreach</b>	5,876,013	5,593,836	(282,177)

## FEBRUARY 2007 FINANCIAL RESULTS EXECUTIVE SUMMARY and HIGHLIGHTS (cont'd)

### Income Statement (cont'd):

**Benefits Expense** has a YTD unfavorable budget variance of \$1.2 million. This variance is primarily due to the employer's contribution towards deferred compensation which is unfavorable by \$563 thousand, Health and Dental which is unfavorable by \$101 thousand and Workers Compensation which is unfavorable by \$263 thousand.

**Supplies Expense** reflects a YTD favorable budget variance of \$3.3 million. This favorable variance is composed of a \$964 thousand favorable volume variance and \$2.3 million favorable rate variance. The favorable variance is pharmacy at \$1.8 million, prosthesis at \$644 thousand, other medical & non medical at \$433 and other general supplies at \$423 thousand.

**Prof Fees & Purchased Services** reflect a YTD unfavorable budget variance of \$3.1 million. The unfavorable variance of \$1.4 million in professional fees is due to higher legal fees, rehabilitation therapy fees and Pomerado ED calls. The unfavorable variance of \$1.7 million in purchased services is due to purchased contracted services.

**Non-Operating Income** reflects a favorable YTD variance of \$1.4 million in February. This is due to a favorable investment income variance. Investment income reflects a 4.67% investment rate-of-return through February compared to budget of 4.25%.

### Ratios & Margins:

All required bond covenant ratios were achieved in February 2007.



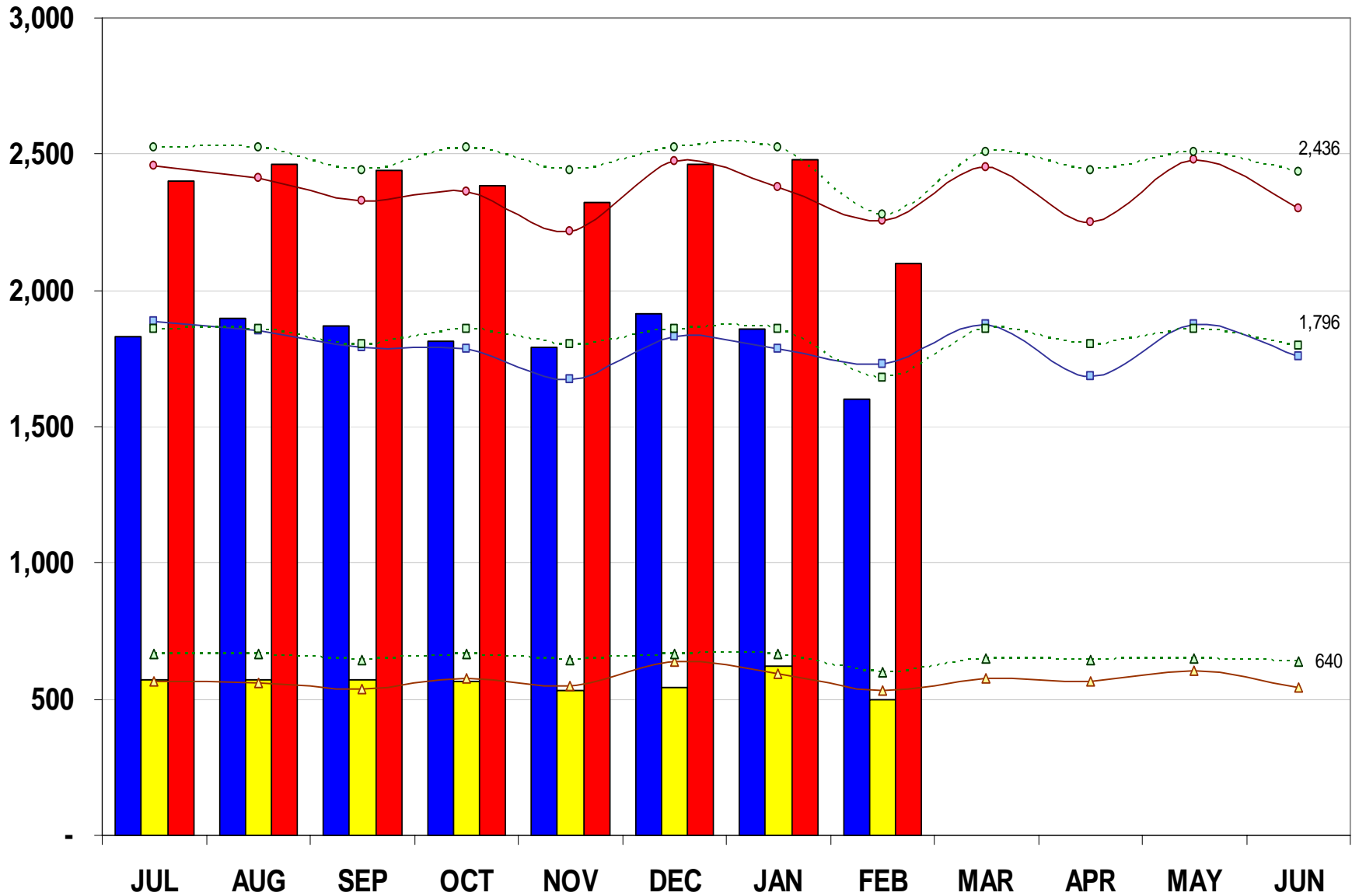
**Balanced Scorecard  
Financial Indicators  
February 28, 2007**

December					January		February		YTD 2007				
Actual	Actual	Actual	Budget / PY	Variance	% Actual to Budget		Actual	Budget	Variance	% Actual to Budget	Prior Year Actual		
<b>PPH Indicators:</b>													
10.0%	11.0%	6.8%	9.1%	-2.3%	74.7%	OEBITDA Margin w/Prop Tax	8.9%	9.8%	-0.9%	90.8%	8.0%		
\$ 2,576.57	\$ 2,309.02	\$ 2,628.01	\$ 2,538.28	\$ (89.73)	103.5%	Expenses/Wtd Day	2,531.39	\$ 2,493.63	\$ (37.76)	101.5%	2,409.87		
\$ 1,556.33	\$ 1,359.76	\$ 1,523.73	\$ 1,496.12	\$ (27.61)	101.8%	SWB/Wtd Day	1,498.99	\$ 1,481.73	\$ (17.26)	101.2%	1,409.80		
6.24	5.29	6.07	6.14	0.07	98.9%	Prod FTE's/Adj Occupied Bed	6.02	6.13	0.11	98.2%	6.06		
12,813	14,443	12,191	12,083	108.00	100.9%	Weighted Patient Days	102,171	104,506	(2,335)	102.2%	100,018		
<b>PPH North Indicators:</b>													
14.3%	8.8%	7.0%	8.7%	(0.02)	80.5%	OEBITDA Margin w/Prop Tax	9.1%	9.5%	-0.4%	95.8%	8.4%		
\$ 2,441.50	\$ 2,189.49	\$ 2,521.01	\$ 2,413.49	\$ (107.52)	104.5%	Expenses/Wtd Day	2,412.65	\$ 2,372.40	\$ (40.25)	101.7%	2,303.13		
\$ 1,254.46	\$ 1,152.07	\$ 1,246.47	\$ 1,237.60	\$ (8.87)	100.7%	SWB/Wtd Day	1,247.27	\$ 1,226.97	\$ (20.30)	101.7%	1,186.23		
5.23	4.47	5.06	5.09	0.03	99.4%	Prod FTE's/Adj Occupied Bed	5.09	5.09	-	100.0%	5.12		
8,911	10,130	8,473	8,261	212.00	102.6%	Weighted Patient Days	70,808	72,141	(1,333)	100.5%	70,490		
<b>PPH South Indicators:</b>													
-1.7%	11.7%	2.4%	5.9%	(0.04)	40.7%	OEBITDA Margin w/Prop Tax	6.1%	6.7%	-0.6%	91.0%	5.2%		
\$ 2,440.73	\$ 2,260.27	\$ 2,475.70	\$ 2,464.04	\$ (11.66)	100.5%	Expenses/Wtd Day	2,417.32	\$ 2,426.49	\$ 9.17	99.6%	2,379.01		
\$ 1,263.74	\$ 1,209.89	\$ 1,254.94	\$ 1,296.05	\$ 41.11	96.8%	SWB/Wtd Day	1,251.52	\$ 1,285.84	\$ 34.32	97.3%	1,242.97		
5.54	4.95	5.36	5.59	0.23	95.9%	Prod FTE's/Adj Occupied Bed	5.39	5.58	0.19	96.6%	5.66		
3,700	4,004	3,494	3,653	(159.00)	95.6%	Weighted Patient Days	29,347	29,919	(572)	104.5%	28,094		

**Weighted Patient Days is compared with Prior Year Actual**

# Admissions - Acute

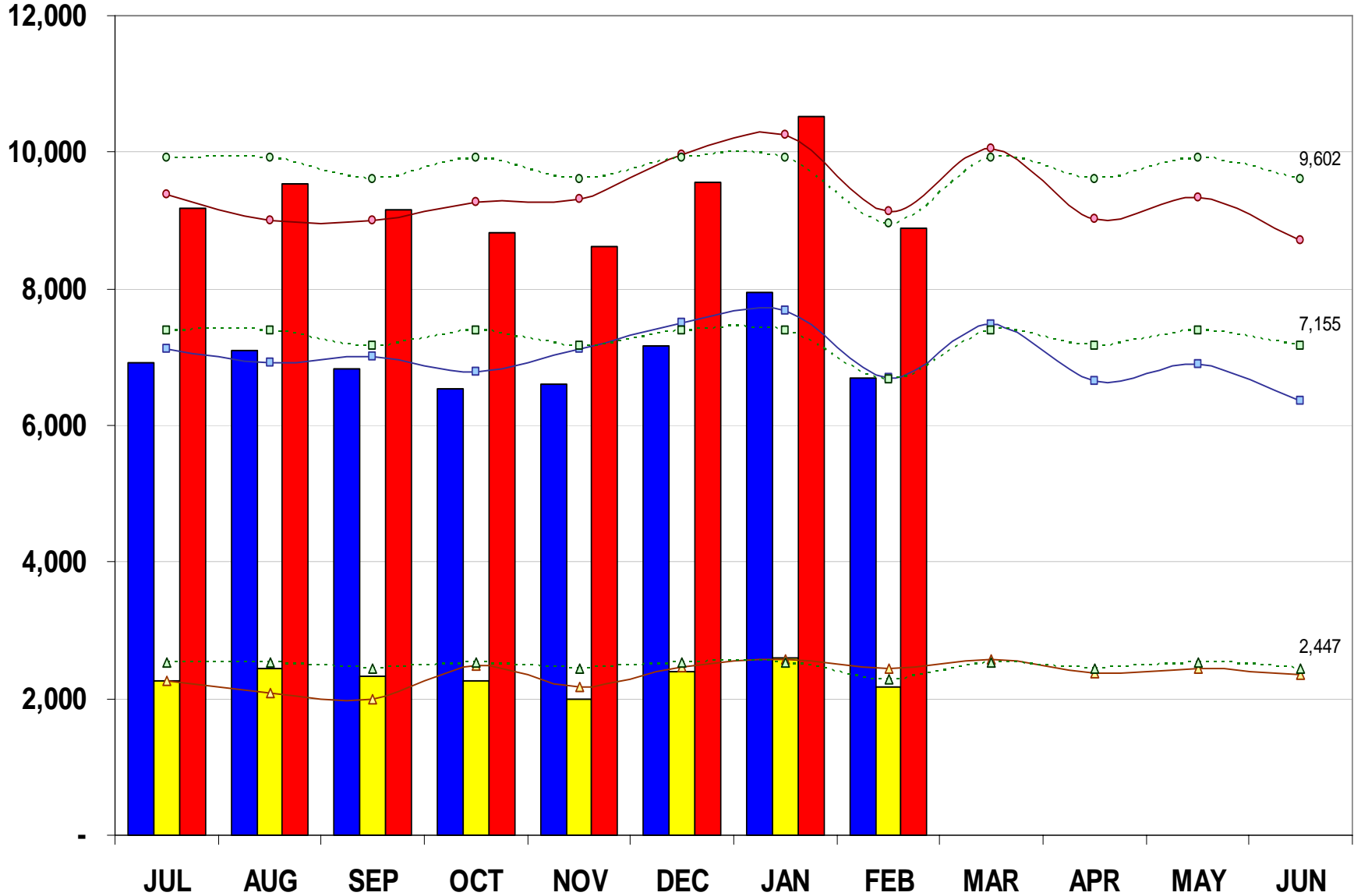
FISCAL YEAR 2007



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	1,832	1,895	1,871	1,816	1,791	1,915	1,861	1,601	-	-	-	-	14,582	14,580
POM	570	569	572	568	532	545	620	498	-	-	-	-	4,474	5,206
CON	2,402	2,464	2,443	2,384	2,323	2,460	2,481	2,099	-	-	-	-	19,056	19,786

# Patient Days – Acute

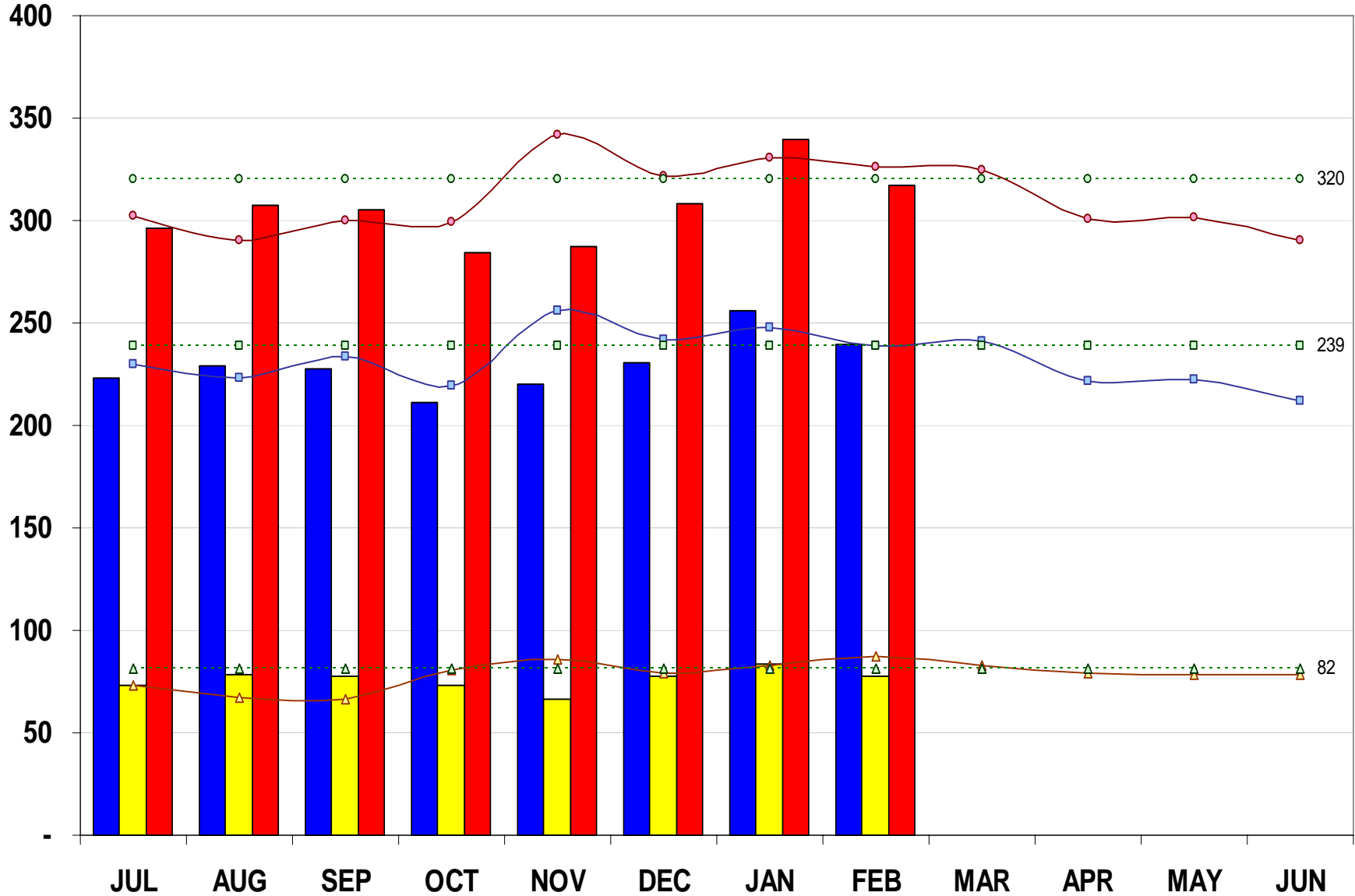
FISCAL YEAR 2007



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	6,919	7,102	6,822	6,547	6,607	7,153	7,939	6,699	-	-	-	-	55,788	57,974
POM	2,261	2,433	2,329	2,272	2,003	2,406	2,591	2,178	-	-	-	-	18,473	19,801
CON	9,180	9,535	9,151	8,819	8,610	9,559	10,530	8,877	-	-	-	-	74,261	77,775

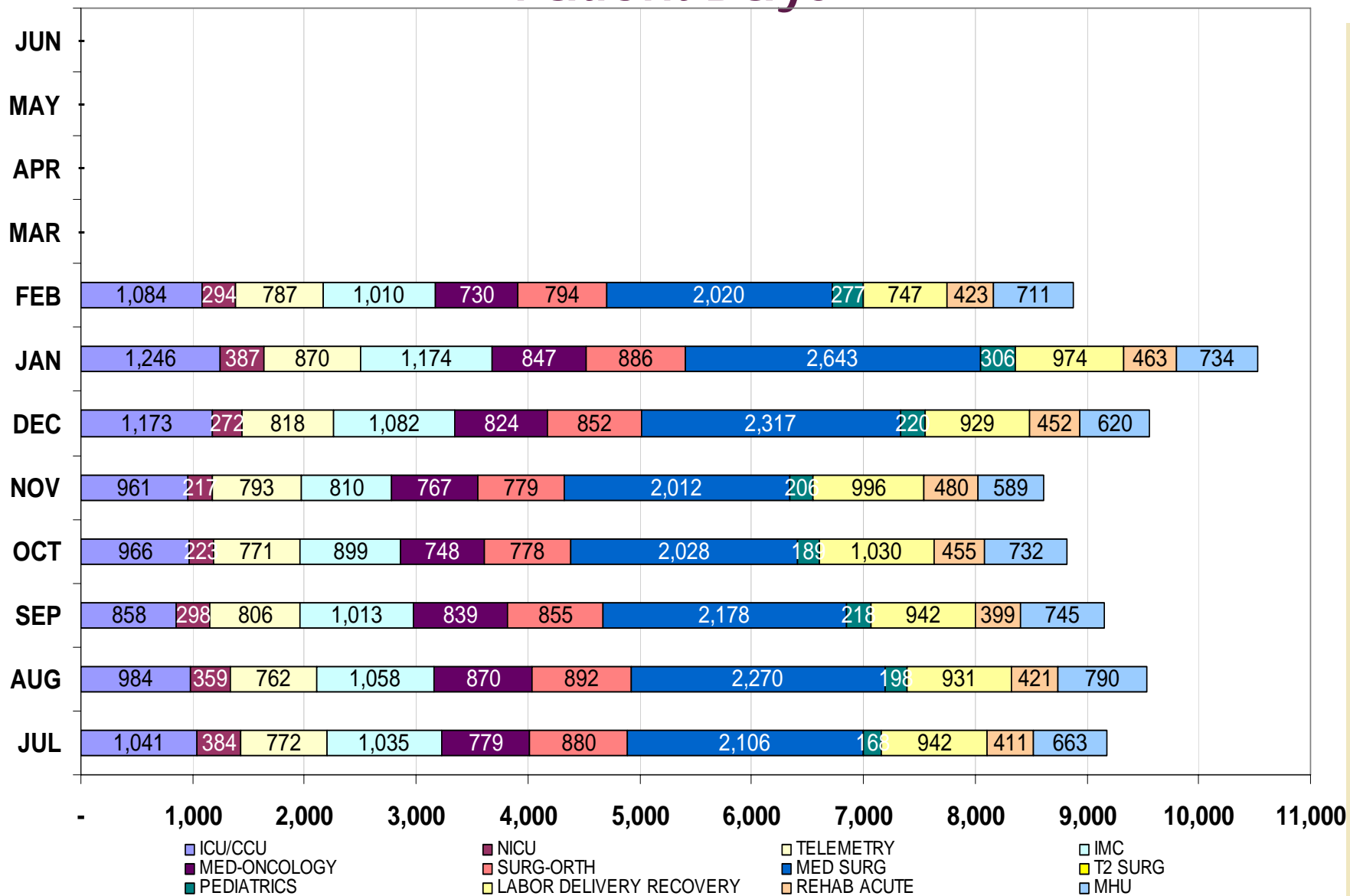
# Average Daily Census – Acute

FISCAL YEAR 2007



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	223	229	227	211	220	231	256	239	-	-	-	-	230	239
POM	73	78	78	73	67	78	84	78	-	-	-	-	76	81
CON	296	308	305	284	287	308	340	317	-	-	-	-	306	320

# Patient Days

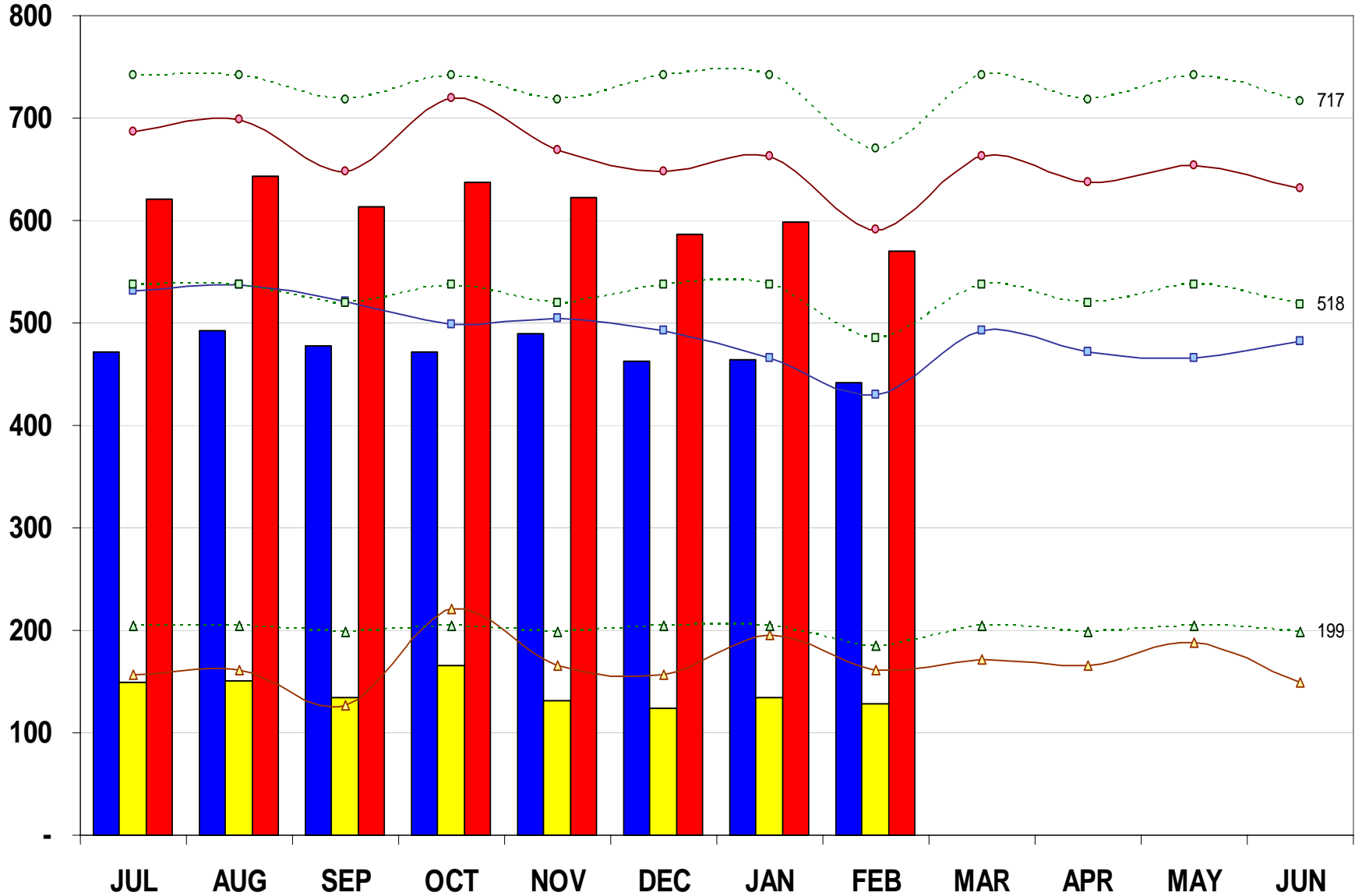


FISCAL YEAR 2007

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	6,919	7,102	6,822	6,547	6,607	7,153	7,939	6,699	-	-	-	-	55,788	57,974
POM	2,261	2,433	2,329	2,272	2,003	2,406	2,591	2,178	-	-	-	-	18,473	19,801
CON	9,180	9,535	9,151	8,819	8,610	9,559	10,530	8,877	-	-	-	-	74,261	77,775

# Surgeries (In-Patient)

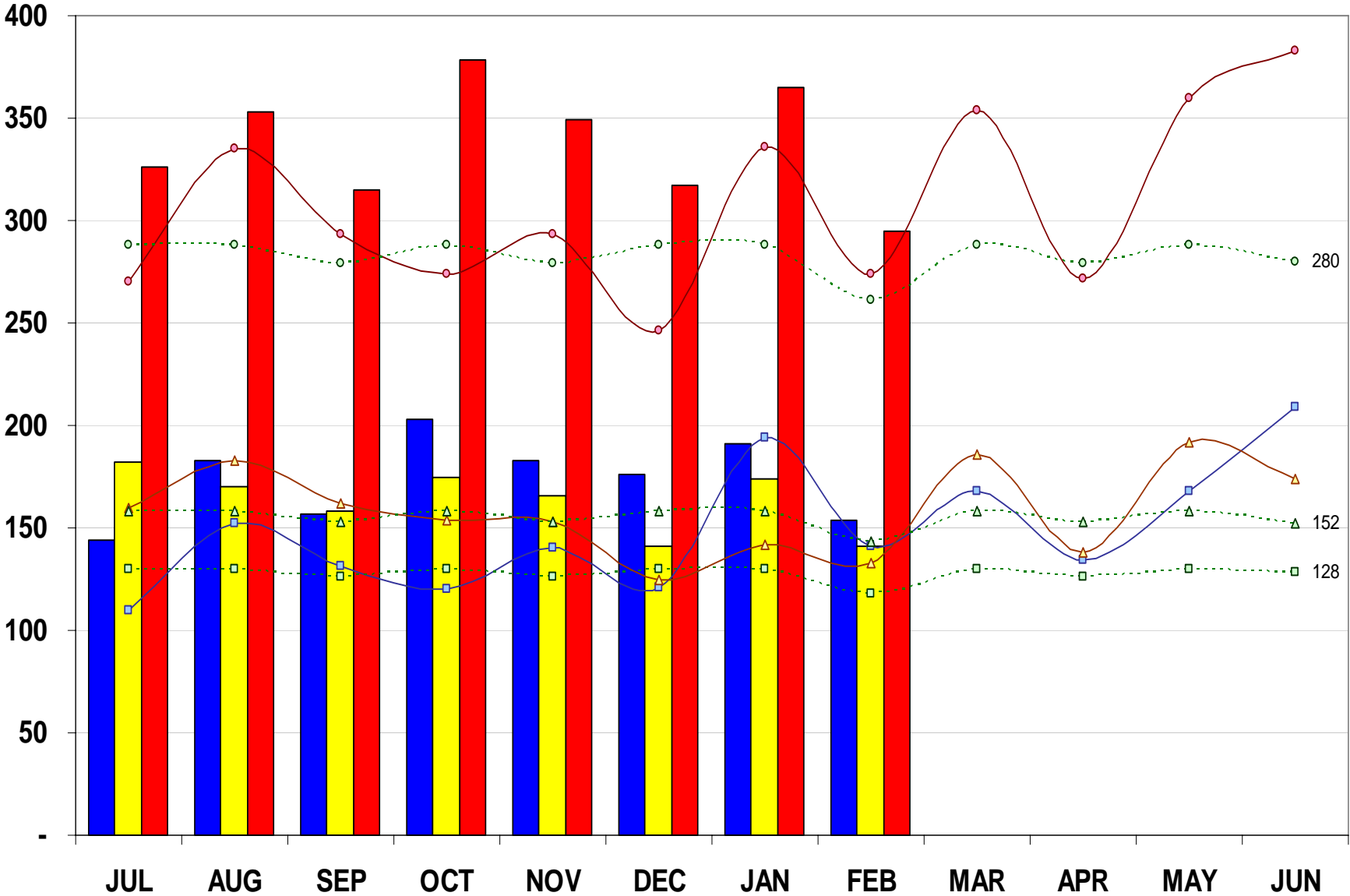
FISCAL YEAR 2007



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	471	492	478	471	490	463	464	442	-	-	-	-	3,771	4,208
POM	150	151	135	166	132	124	135	128	-	-	-	-	1,121	1,608
CON	621	643	613	637	622	587	599	570	-	-	-	-	4,892	5,816

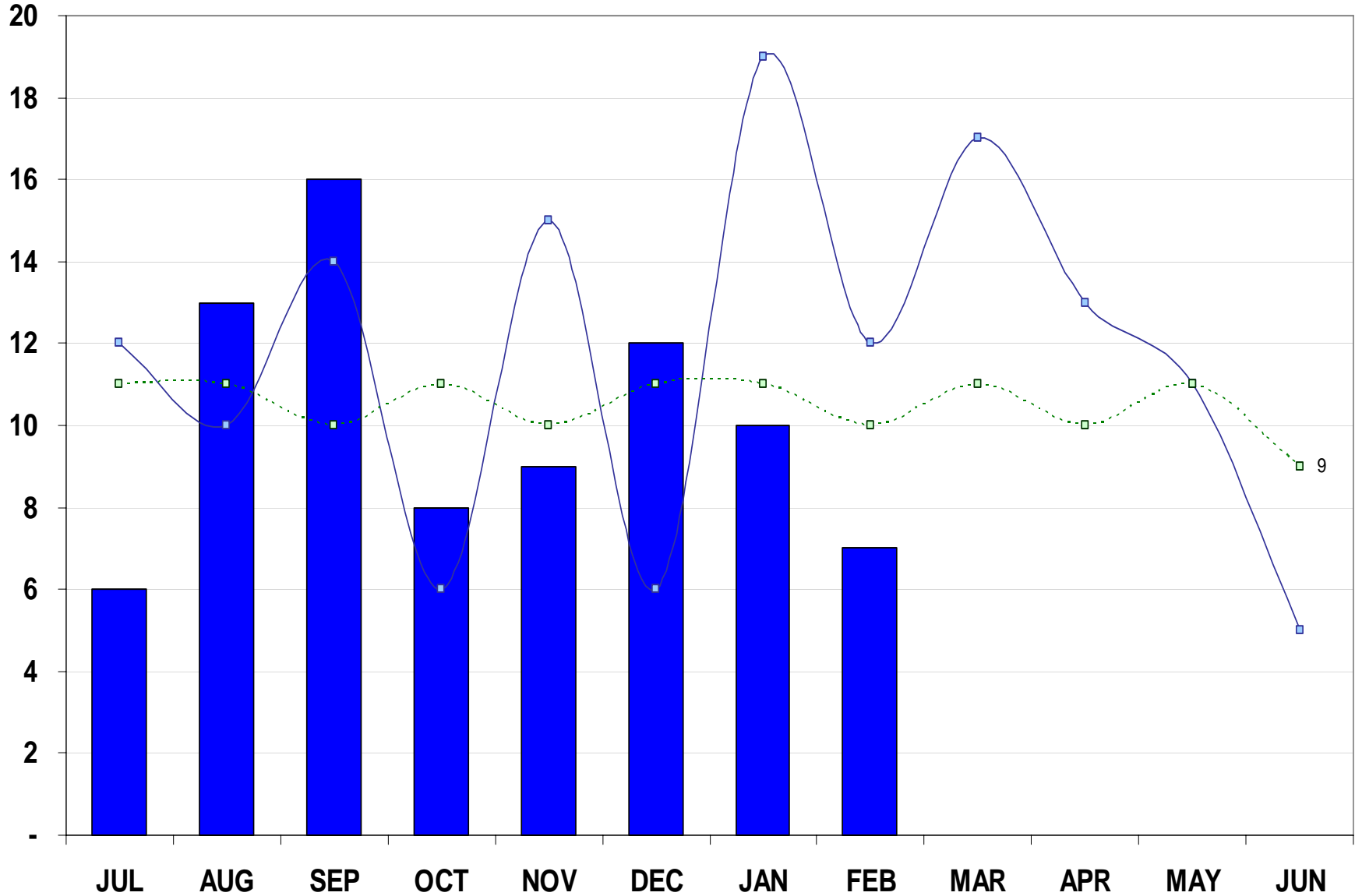
# Surgeries (Out-Patient)

FISCAL YEAR 2007



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	144	183	157	203	183	176	191	154	-	-	-	-	1,391	1,020
POM	182	170	158	175	166	141	174	141	-	-	-	-	1,307	1,239
CON	326	353	315	378	349	317	365	295	-	-	-	-	2,698	2,259

# Surgeries – CVS (PMC)



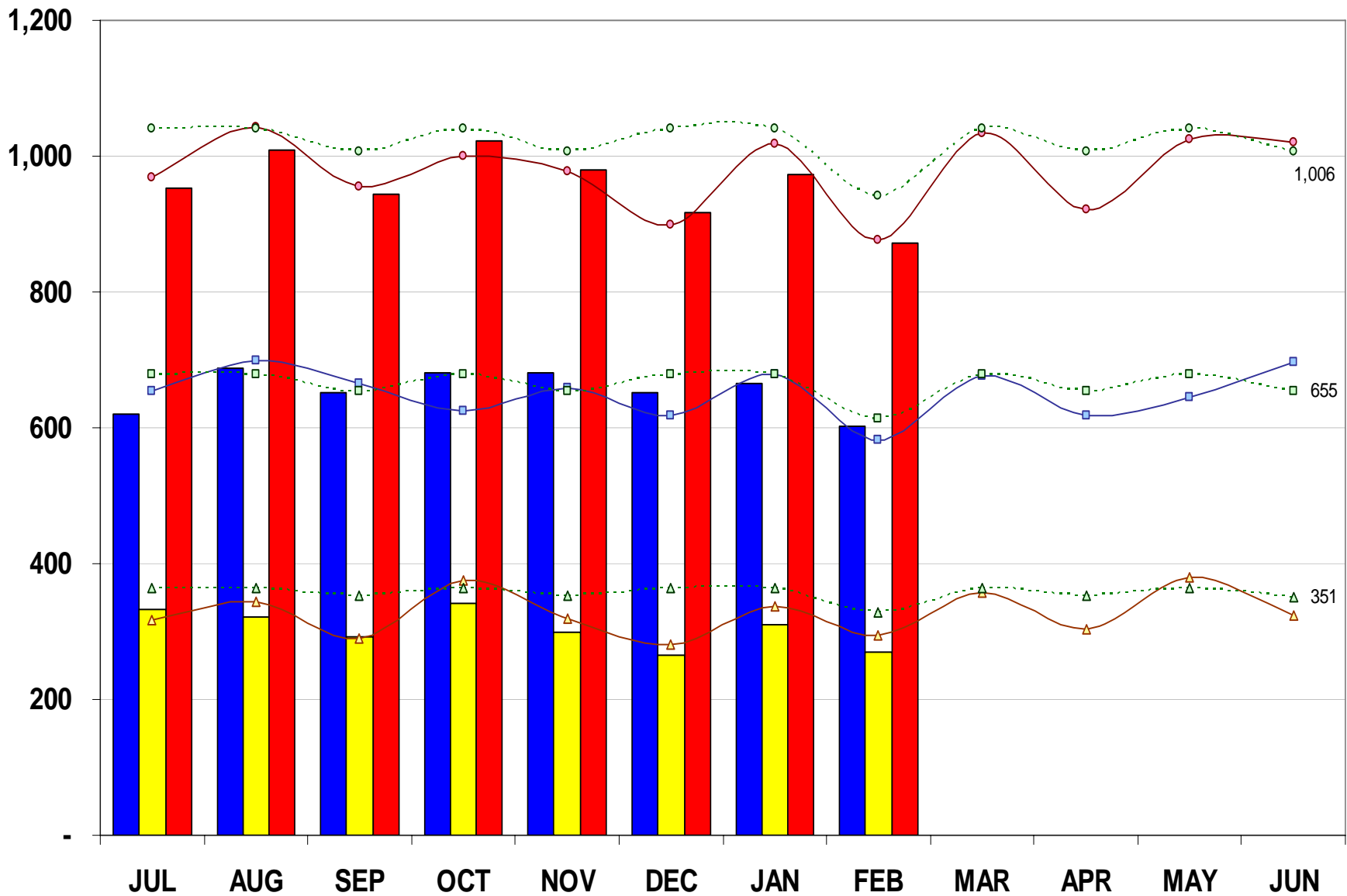
FISCAL YEAR 2007

- PMC
- POM
- CON
- PY PMC
- ▲— PY POM
- ◆— PY CON

	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	6	13	16	8	9	12	10	7	-	-	-	-	81	85



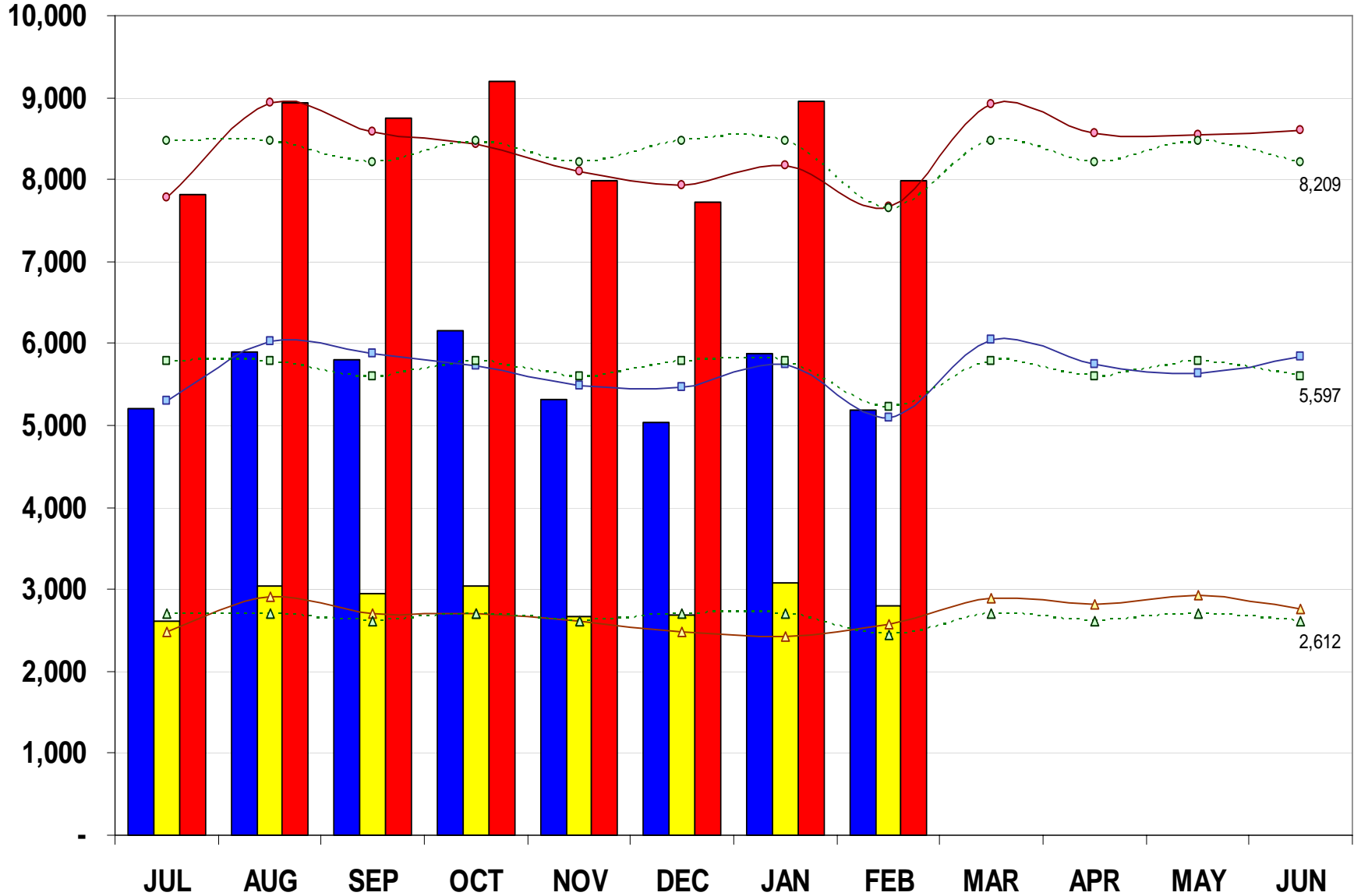
# Total Surgeries



FISCAL YEAR 2007

	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	621	688	651	682	682	651	665	603	-	-	-	-	5,243	5,313
POM	332	321	293	341	298	265	309	269	-	-	-	-	2,428	2,847
CON	953	1,009	944	1,023	980	916	974	872	-	-	-	-	7,671	8,160

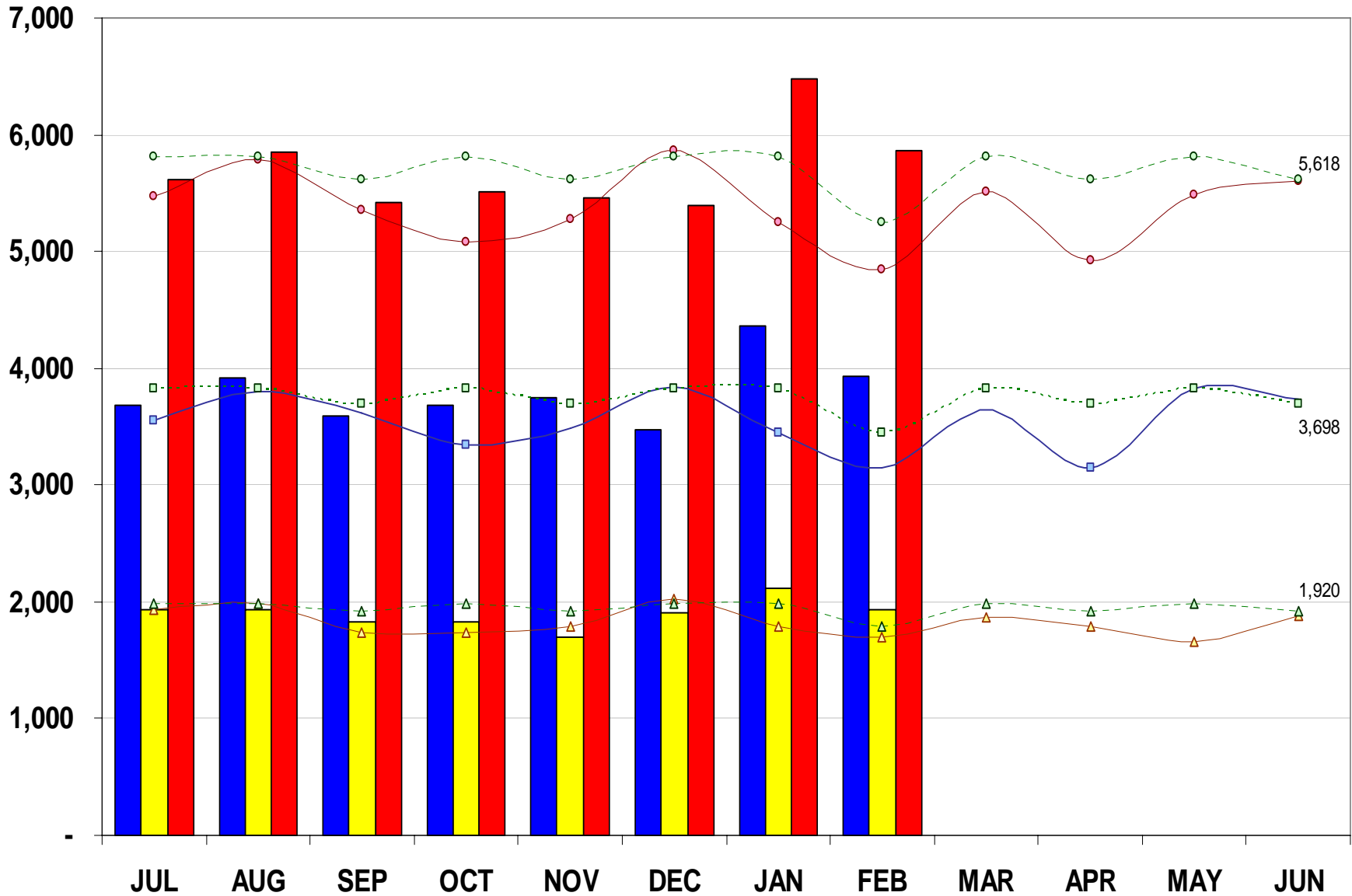
# Outpatient Registration



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	5,204	5,900	5,800	6,158	5,326	5,030	5,872	5,183	-	-	-	-	44,473	45,309
POM	2,615	3,044	2,944	3,033	2,659	2,690	3,086	2,800	-	-	-	-	22,871	21,141
CON	7,819	8,944	8,744	9,191	7,985	7,720	8,958	7,983	-	-	-	-	67,344	66,450

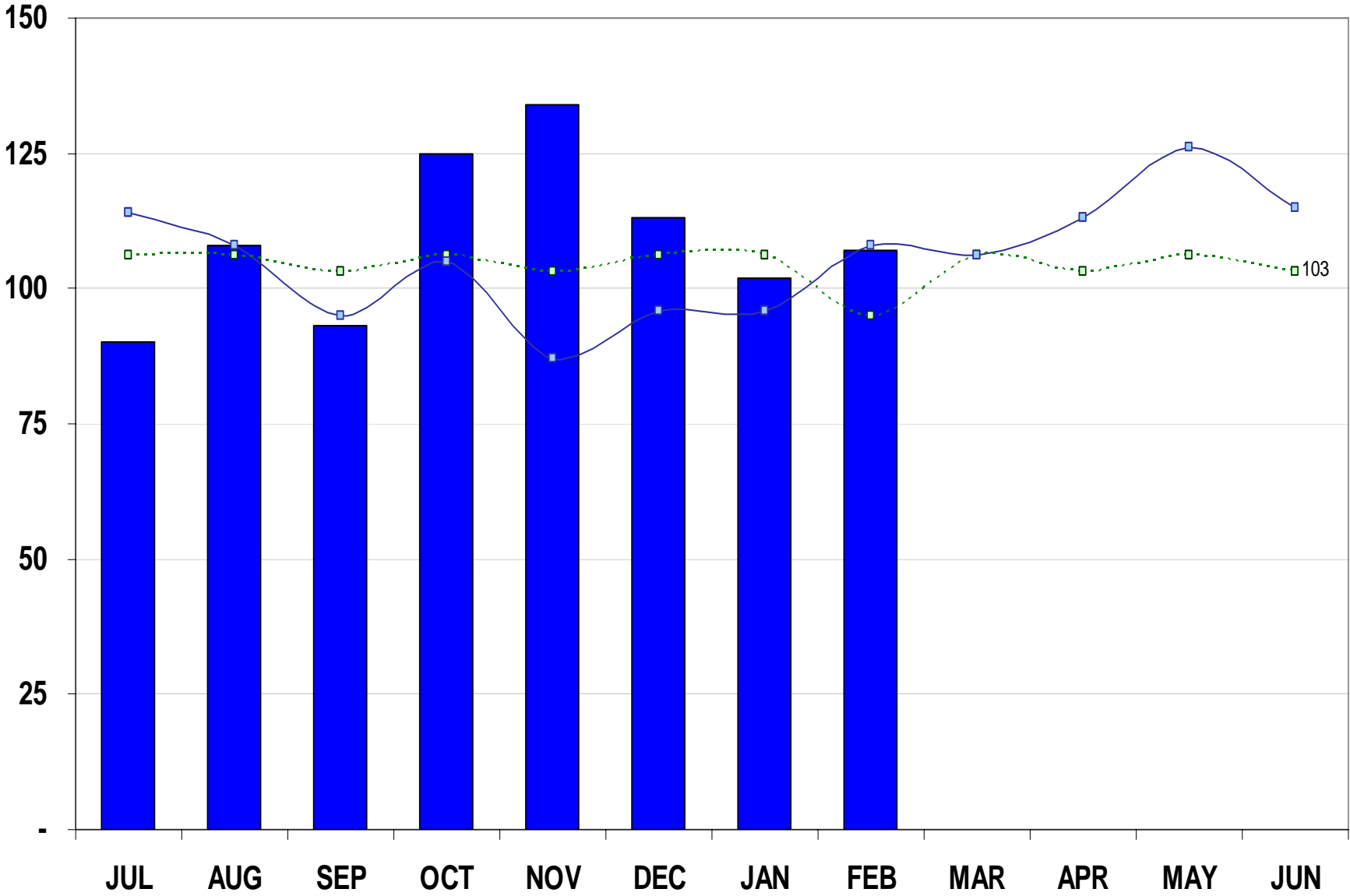
# ER Visits includes Trauma

FISCAL YEAR 2007



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	3,685	3,916	3,589	3,686	3,751	3,478	4,359	3,928	-	-	-	-	30,392	29,983
POM	1,930	1,930	1,828	1,828	1,703	1,910	2,120	1,931	-	-	-	-	15,180	15,539
CON	5,615	5,846	5,417	5,514	5,454	5,388	6,479	5,859	-	-	-	-	45,572	45,522

# Trauma Cases (PMC)

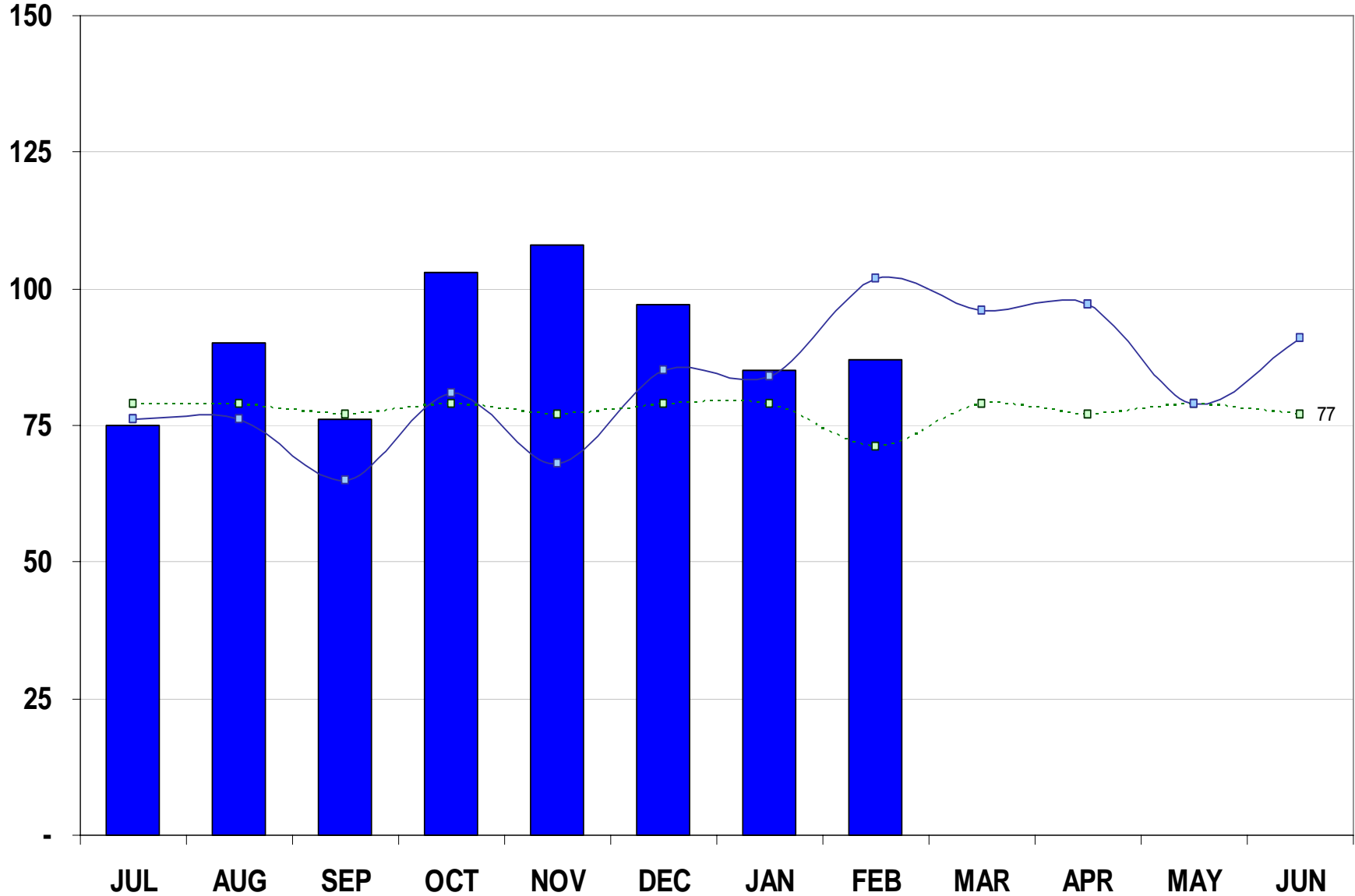


FISCAL YEAR 2007

- PMC
- POM
- CON
- PY PMC
- ▲— PY POM
- ◆— PY CON

	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	90	108	93	125	134	113	102	107	-	-	-	-	872	831

# Trauma Admissions (PMC)

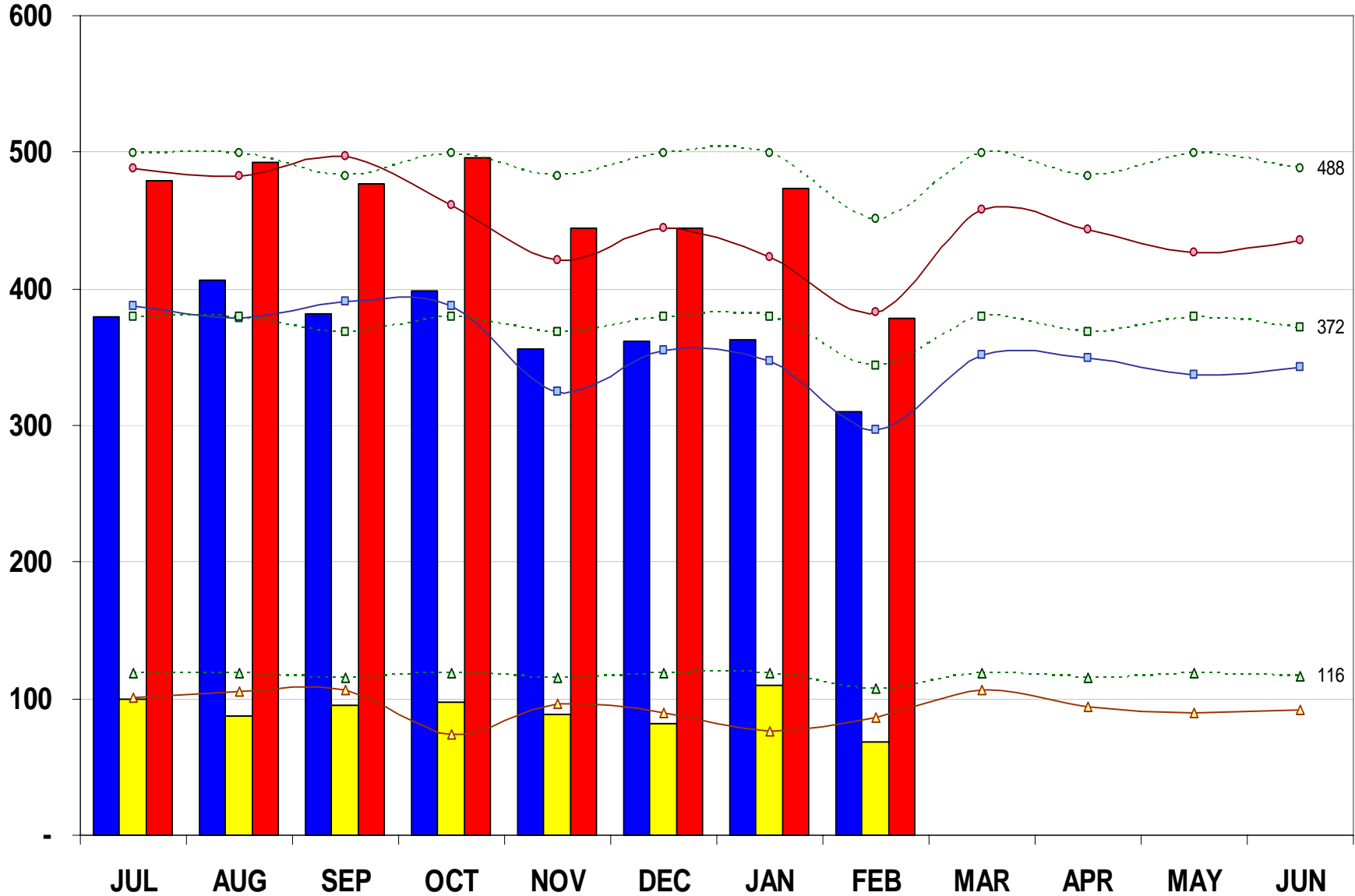


FISCAL YEAR 2007

	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	75	90	76	103	108	97	85	87	-	-	-	-	721	620

# Deliveries

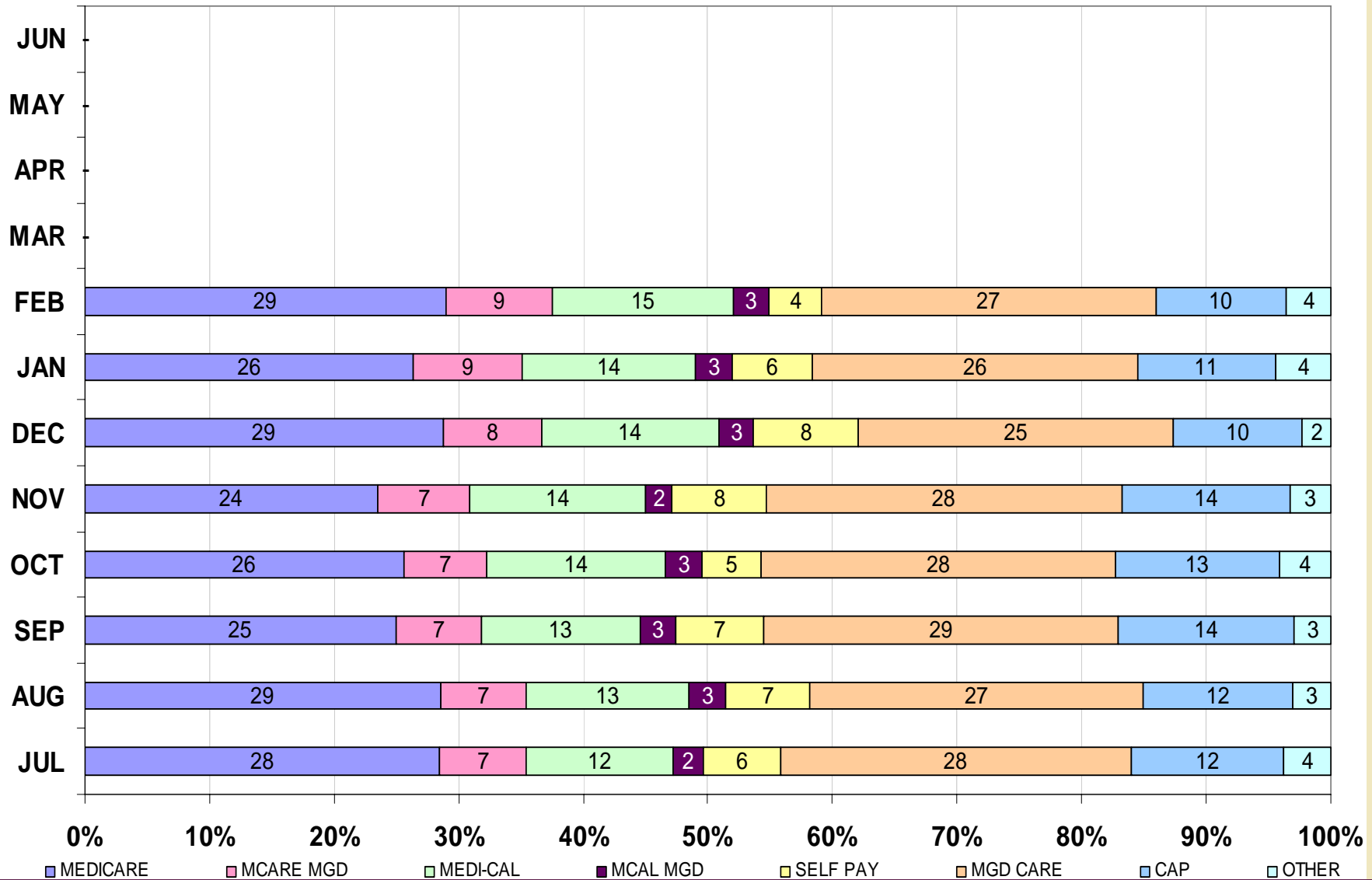
FISCAL YEAR 2007



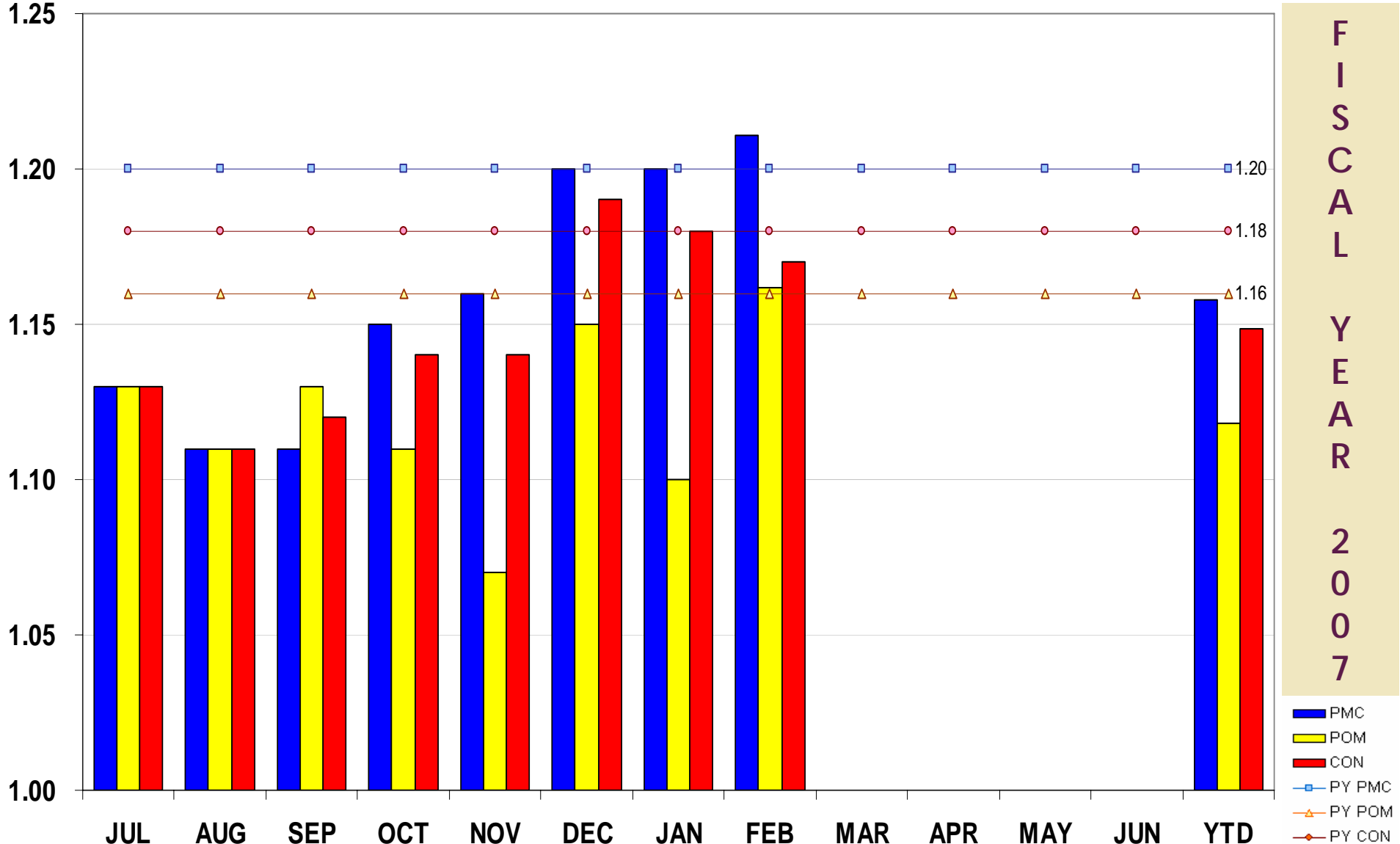
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	379	406	382	399	356	362	363	310	-	-	-	-	2,957	2,980
POM	100	87	95	97	88	82	110	68	-	-	-	-	727	932
CON	479	493	477	496	444	444	473	378	-	-	-	-	3,684	3,912

# Payor Mix based on Gross Revenue

FISCAL  
YEAR  
2007



# Case Mix Index

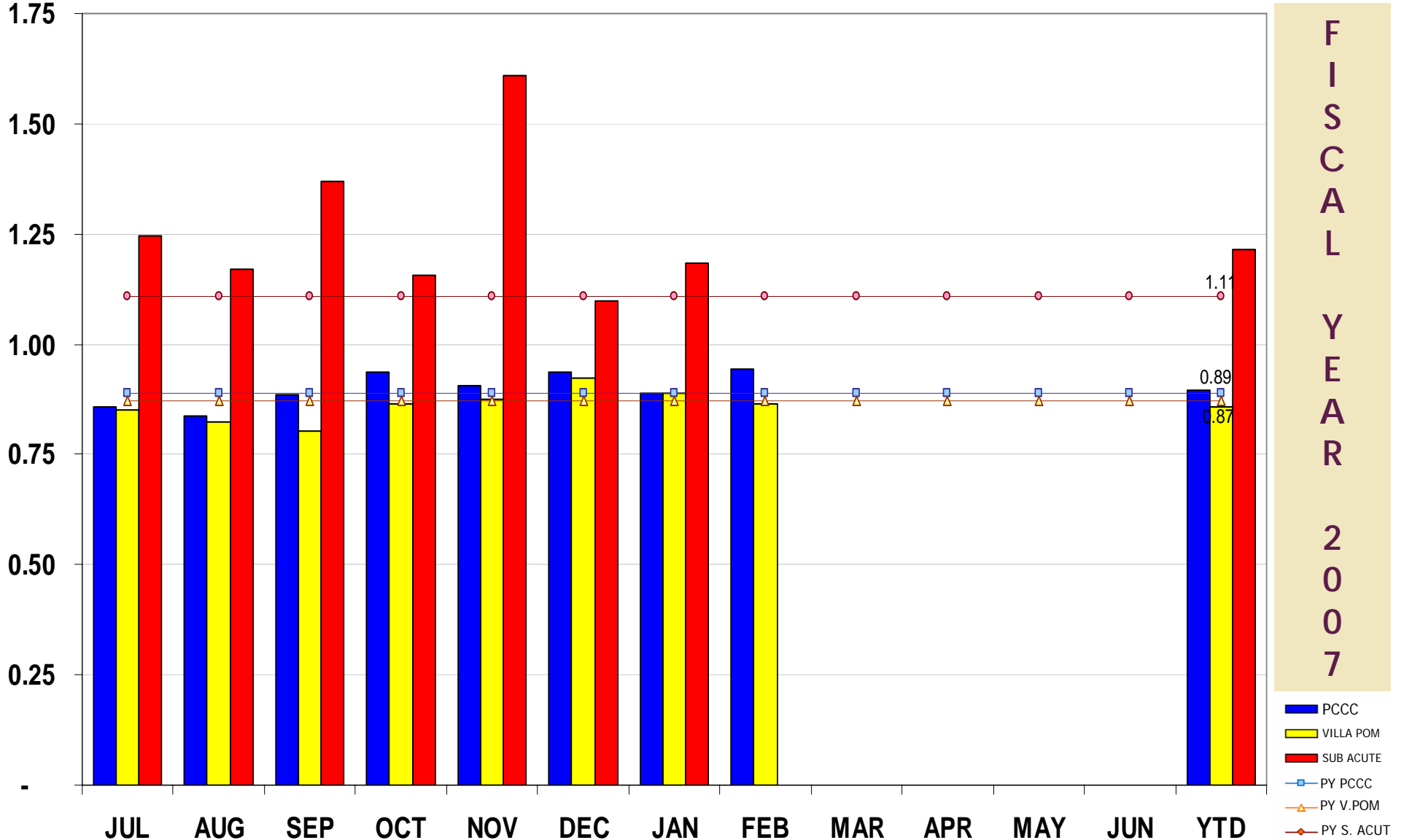


	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>
PMC	1.13	1.11	1.11	1.15	1.16	1.20	1.20	1.21	-	-	-	-	1.16
POM	1.13	1.11	1.13	1.11	1.07	1.15	1.10	1.16	-	-	-	-	1.12
CON	1.13	1.11	1.12	1.14	1.14	1.19	1.18	1.17	-	-	-	-	1.15



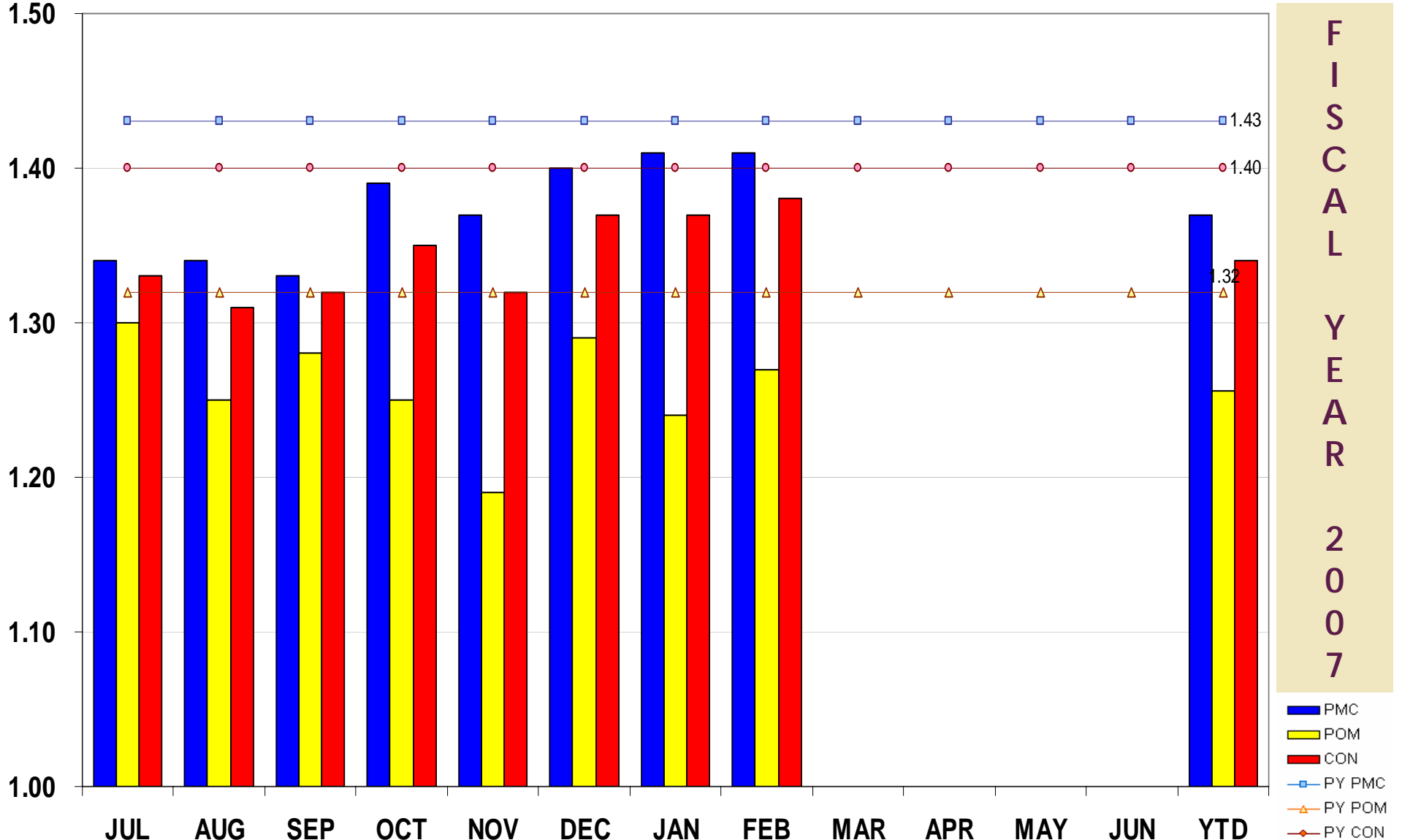
# Case Mix Index – Skilled Nursing

FISCAL YEAR 2007



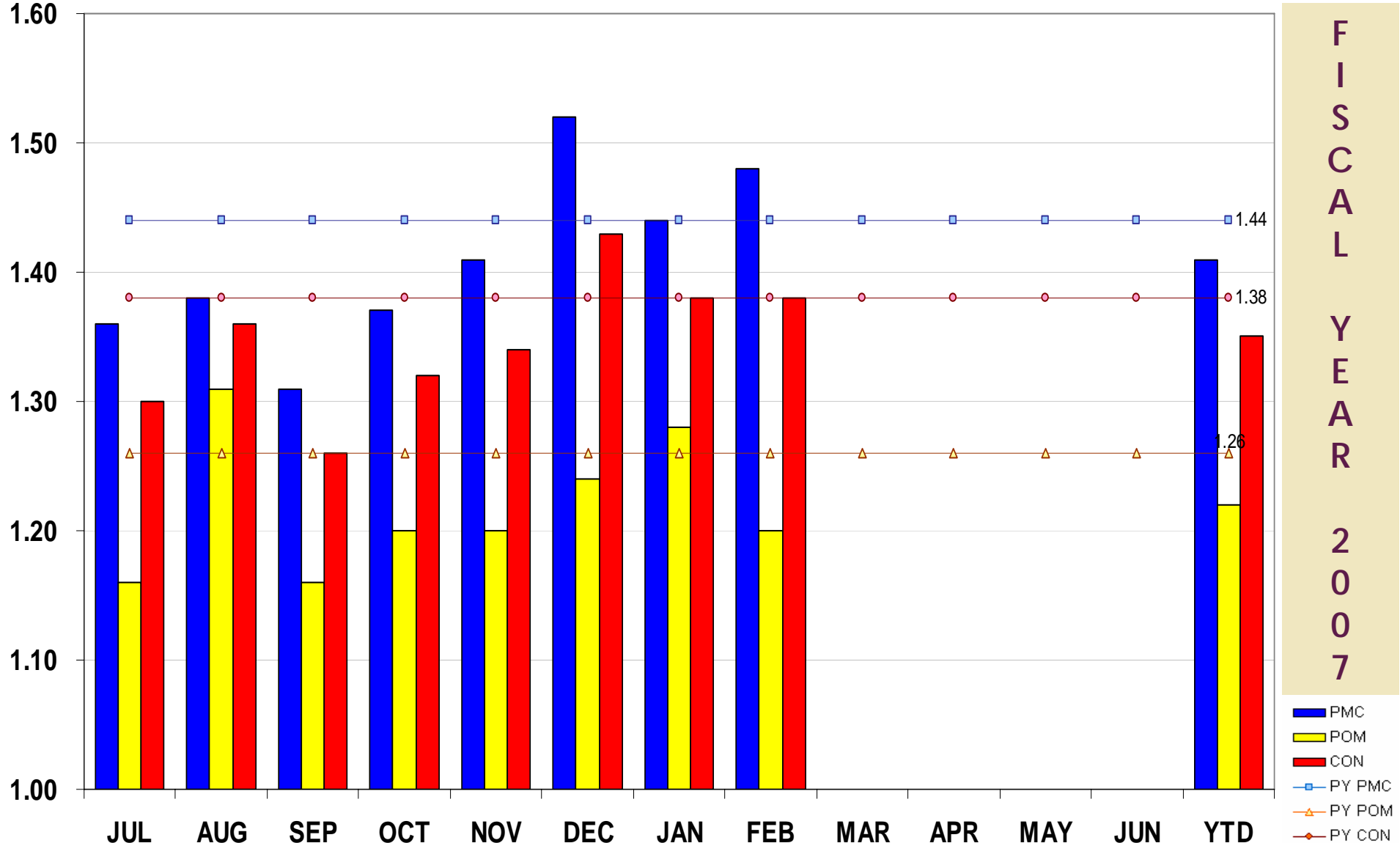
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>
PCCC	0.86	0.84	0.88	0.94	0.90	0.94	0.89	0.94	-	-	-	-	0.89
VILLA POM	0.85	0.82	0.80	0.87	0.87	0.92	0.89	0.86	-	-	-	-	0.86
SUB ACUTE	1.25	1.17	1.37	1.16	1.61	1.10	1.18	-	-	-	-	-	1.22

# Case Mix Index by Region excludes Deliveries



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>
PMC	1.34	1.34	1.33	1.39	1.37	1.40	1.41	1.41	-	-	-	-	1.37
POM	1.30	1.25	1.28	1.25	1.19	1.29	1.24	1.27	-	-	-	-	1.26
CON	1.33	1.31	1.32	1.35	1.32	1.37	1.37	1.38	-	-	-	-	1.34

# Case Mix Index by Region – MediCare



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>
PMC	1.36	1.38	1.31	1.37	1.41	1.52	1.44	1.48	-	-	-	-	1.41
POM	1.16	1.31	1.16	1.20	1.20	1.24	1.28	1.20	-	-	-	-	1.22
CON	1.30	1.36	1.26	1.32	1.34	1.43	1.38	1.38	-	-	-	-	1.35

**SUMMARY OF KEY INDICATORS AND RESULTS**  
**FYTD February 2007**

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2006</u>
<b><u>ADMISSIONS - Acute:</u></b>				
Palomar Medical Center	14,582	14,580	2	14,330
Pomerado Hospital	4,474	5,206	(732)	4,553
<b>Total:</b>	<u>19,056</u>	<u>19,786</u>	<u>(730)</u>	<u>18,883</u>
<b><u>ADMISSIONS - SNF:</u></b>				
Palomar Medical Center	394	515	(121)	407
Pomerado Hospital	374	417	(43)	392
<b>Total:</b>	<u>768</u>	<u>932</u>	<u>(164)</u>	<u>799</u>
<b><u>PATIENT DAYS - Acute:</u></b>				
Palomar Medical Center	55,788	57,974	(2,186)	56,854
Pomerado Hospital	18,473	19,801	(1,328)	18,468
<b>Total:</b>	<u>74,261</u>	<u>77,775</u>	<u>(3,514)</u>	<u>75,322</u>
<b><u>PATIENT DAYS- SNF:</u></b>				
Palomar Medical Center	21,321	21,532	(211)	20,449
Pomerado Hospital	29,950	30,132	(182)	30,068
<b>Total:</b>	<u>51,271</u>	<u>51,664</u>	<u>(393)</u>	<u>50,517</u>

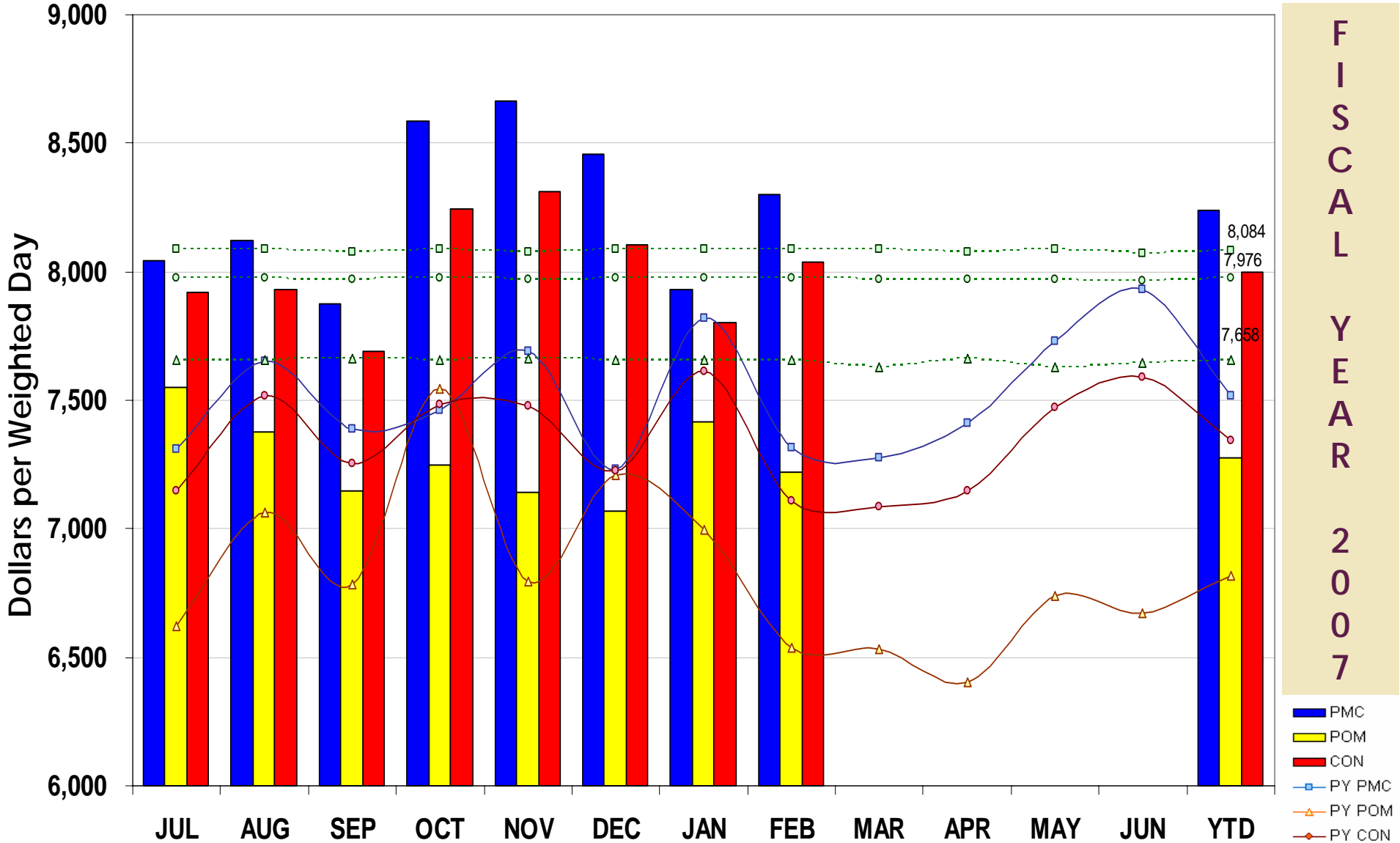
**SUMMARY OF KEY INDICATORS AND RESULTS**  
**FYTD February 2007**

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2006</u>
<b><u>WEIGHTED PATIENT DAYS:</u></b>				
Palomar Medical Center	70,808	72,141	(1,333)	70,490
Pomerado Hospital	29,347	29,919	(572)	29,094
Other Activities	2,016	2,446	(430)	434
<b>Total:</b>	<u>102,171</u>	<u>104,506</u>	<u>(2,335)</u>	<u>100,018</u>
<b><u>AVERAGE LENGTH OF STAY- Acute:</u></b>				
Palomar Medical Center	3.77	4.02	(0.25)	4.03
Pomerado Hospital	4.11	3.96	0.15	4.03
<b>Total:</b>	<u>3.85</u>	<u>4.00</u>	<u>(0.15)</u>	<u>4.03</u>
<b><u>AVERAGE LENGTH OF STAY - SNF:</u></b>				
Palomar Medical Center	55.52	40.55	14.97	48.57
Pomerado Hospital	80.73	73.67	7.06	78.10
<b>Total:</b>	<u>67.91</u>	<u>54.96</u>	<u>12.95</u>	<u>62.68</u>

**SUMMARY OF KEY INDICATORS AND RESULTS**  
**FYTD February 2007**

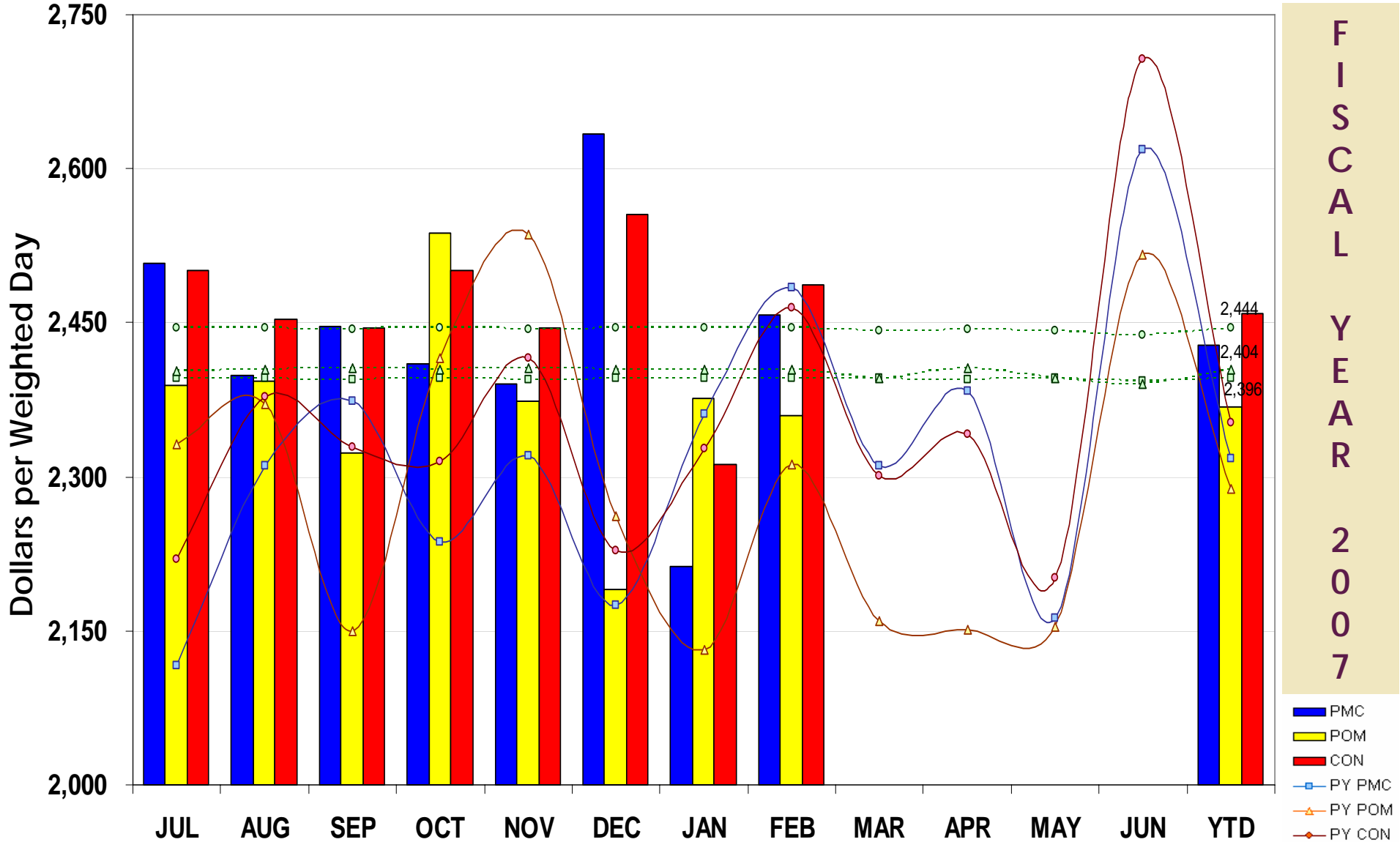
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2006</u>
<b><u>EMERGENCY ROOM VISITS &amp; TRAUMA CASES:</u></b>				
Palomar Medical Center	30,392	29,983	409	28,219
Pomerado Hospital	15,180	15,539	(359)	14,696
<b>Total:</b>	<u>45,572</u>	<u>45,522</u>	<u>50</u>	<u>42,915</u>
<b><u>EMERGENCY &amp; TRAUMA ADMISSIONS:</u></b>				
Palomar Medical Center	7,334	7,554	(220)	7,268
Pomerado Hospital	2,510	2,720	(210)	2,582
<b>Total:</b>	<u>9,844</u>	<u>10,274</u>	<u>(430)</u>	<u>9,850</u>
<b><u>SURGERIES:</u></b>				
Palomar Medical Center	5,243	5,313	(70)	5,183
Pomerado Hospital	2,428	2,847	(419)	2,555
<b>Total:</b>	<u>7,671</u>	<u>8,160</u>	<u>(489)</u>	<u>7,738</u>
<b><u>BIRTHS:</u></b>				
Palomar Medical Center	2,957	2,980	(23)	2,867
Pomerado Hospital	727	932	(205)	733
<b>Total:</b>	<u>3,684</u>	<u>3,912</u>	<u>(228)</u>	<u>3,600</u>

# Gross Patient Revenue per Weighted Patient Days



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	8,041	8,120	7,875	8,587	8,665	8,455	7,929	8,301	-	-	-	-	8,237	8,084
POM	7,552	7,379	7,149	7,247	7,142	7,068	7,418	7,222	-	-	-	-	7,276	7,658
CON	7,921	7,932	7,690	8,242	8,311	8,106	7,803	8,036	-	-	-	-	7,998	7,976

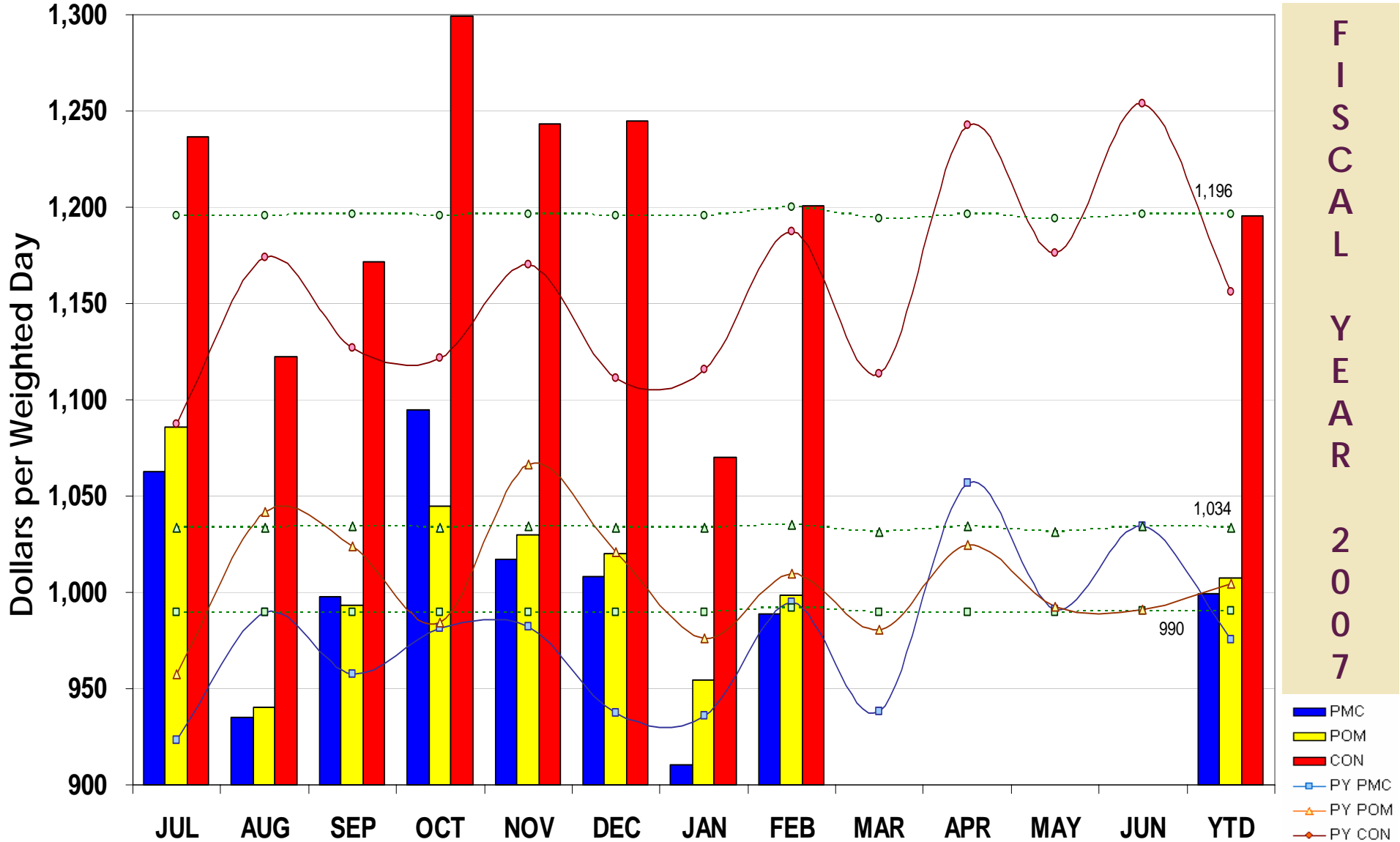
# Net Patient Revenue per Weighted Patient Days



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	2,508	2,398	2,446	2,410	2,391	2,634	2,213	2,457	-	-	-	-	2,428	2,396
POM	2,389	2,393	2,323	2,537	2,373	2,191	2,376	2,360	-	-	-	-	2,368	2,404
CON	2,500	2,453	2,445	2,500	2,445	2,556	2,312	2,487	-	-	-	-	2,459	2,444



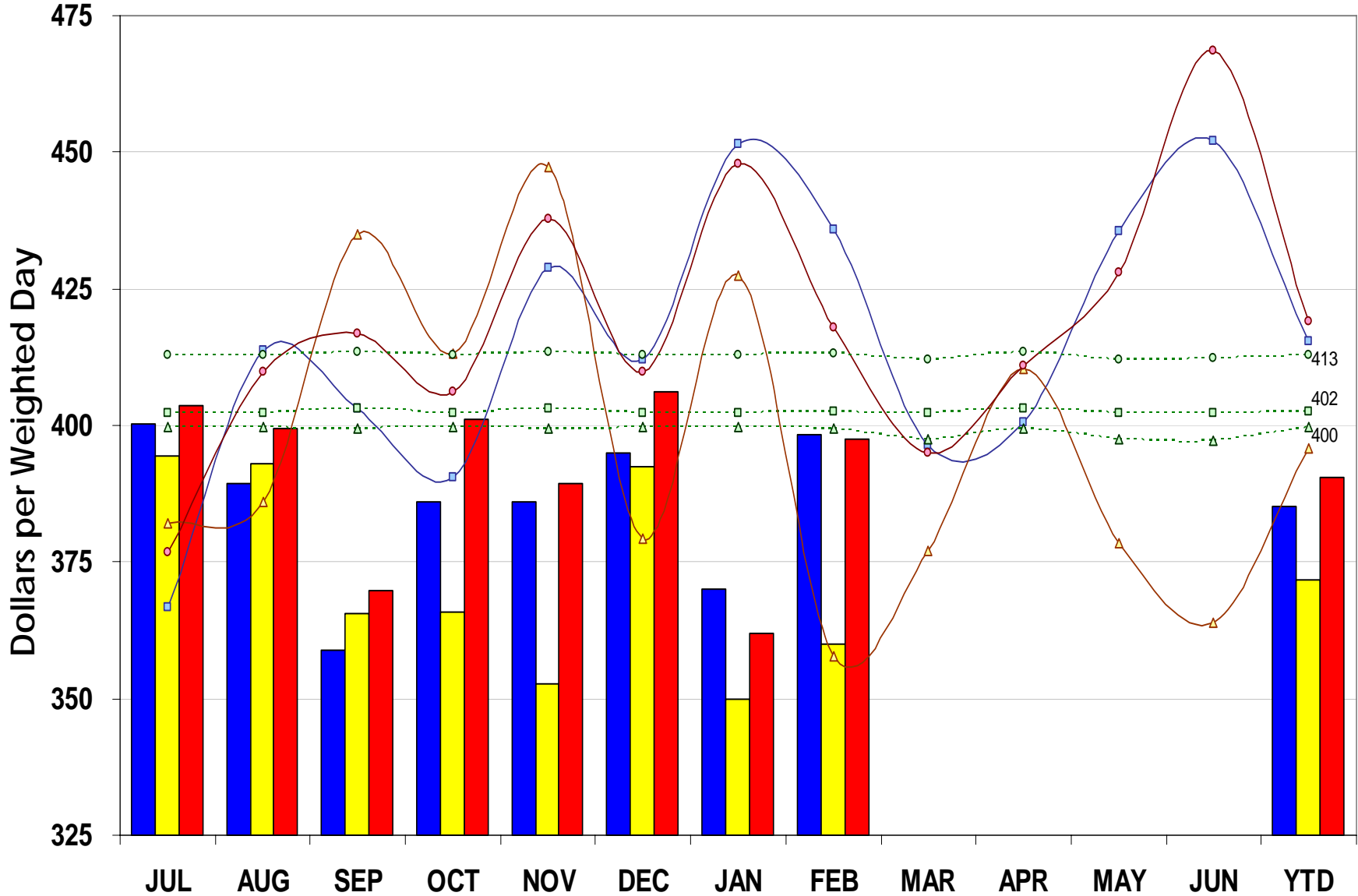
# Salaries per Weighted Patient Days



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	1,063	935	998	1,095	1,017	1,008	910	989	-	-	-	-	999	990
POM	1,086	940	993	1,045	1,030	1,020	955	999	-	-	-	-	1,007	1,034
CON	1,236	1,122	1,172	1,299	1,243	1,244	1,070	1,201	-	-	-	-	1,195	1,196

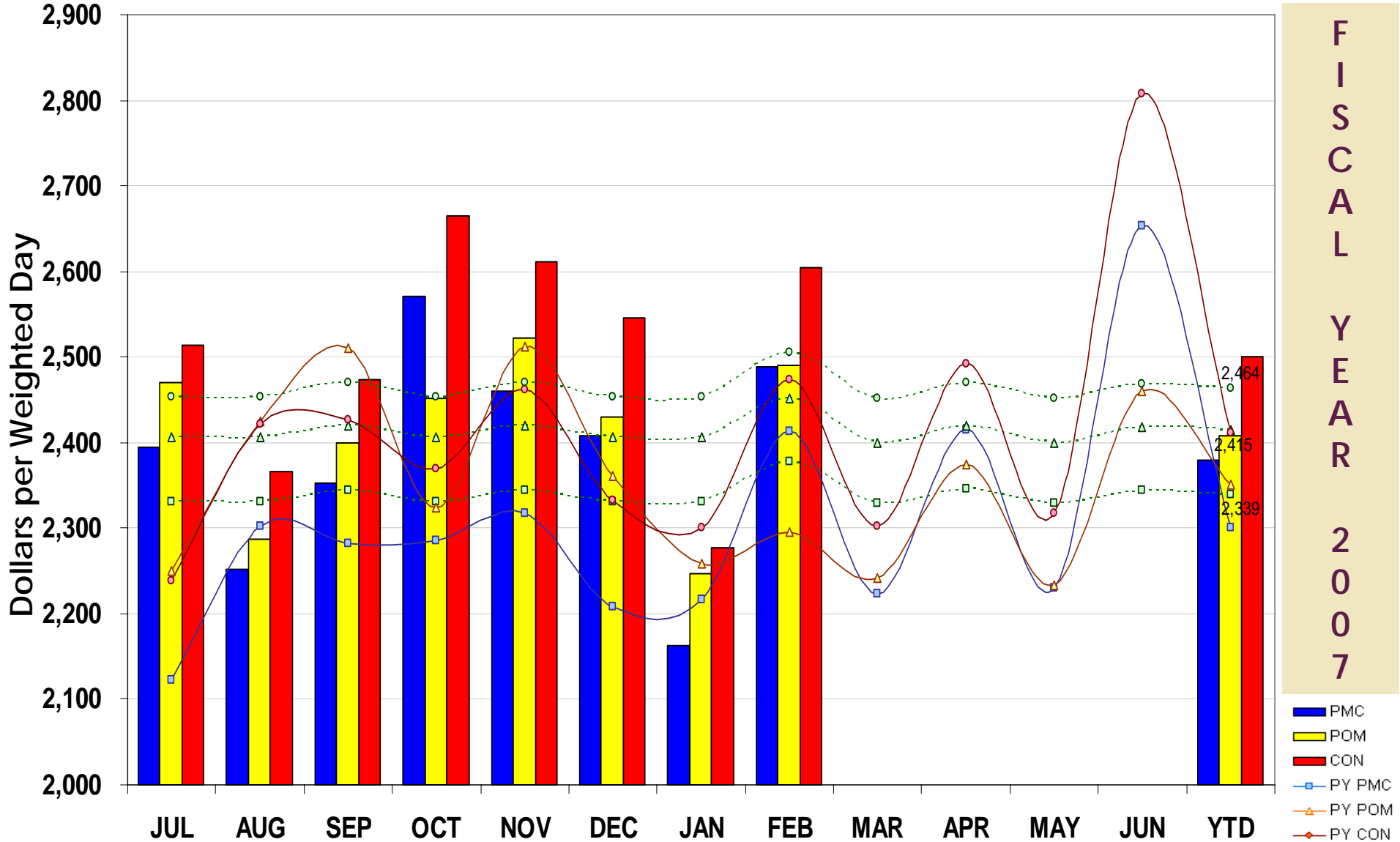
# Supplies per Weighted Patient Days

FISCAL YEAR 2007



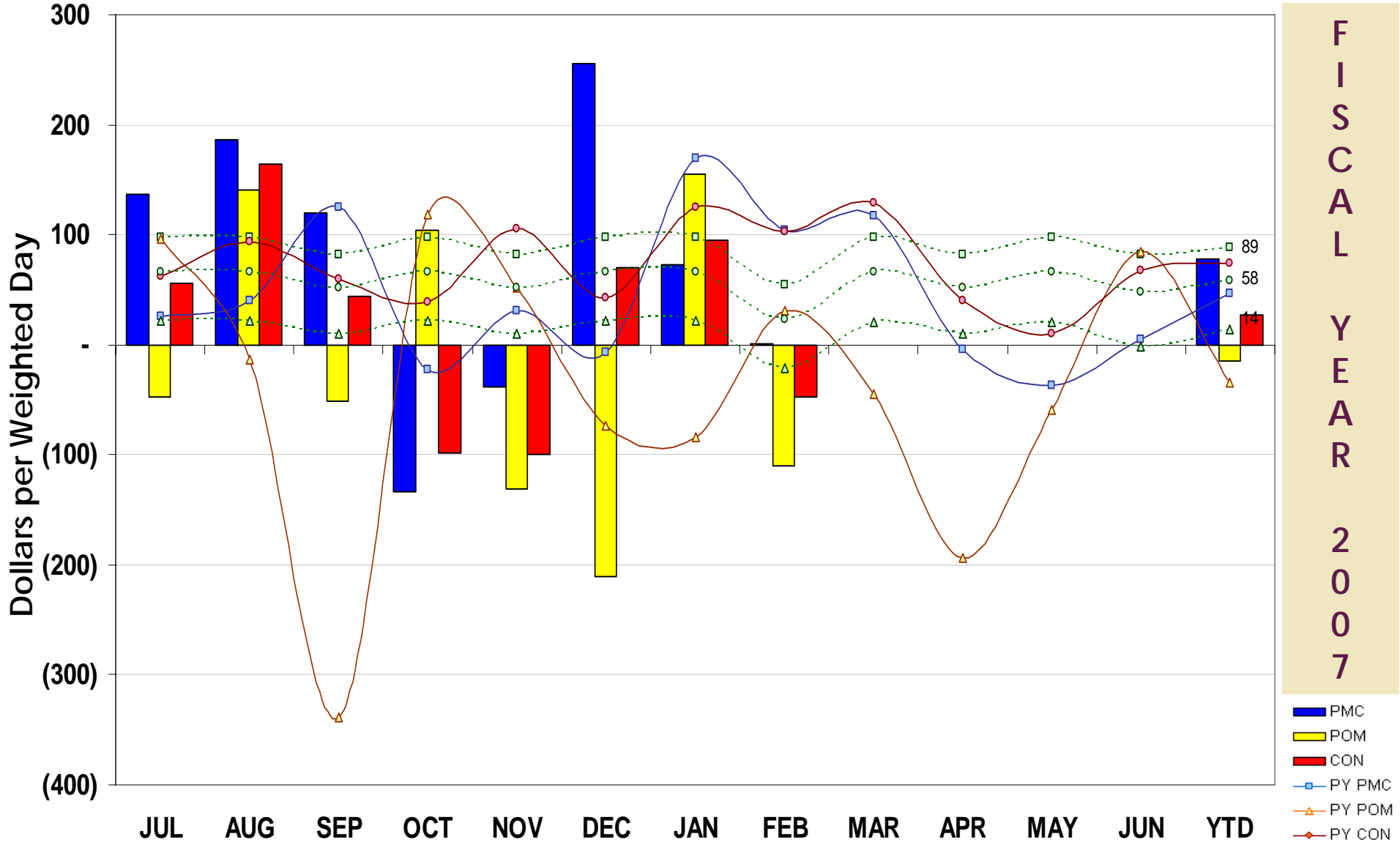
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	400	389	359	386	386	395	370	398	-	-	-	-	385	402
POM	394	393	365	366	353	392	350	360	-	-	-	-	372	400
CON	404	399	370	401	389	406	362	397	-	-	-	-	391	413

# Total Expenses per Weighted Patient Days



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	2,395	2,252	2,352	2,571	2,459	2,408	2,164	2,488	-	-	-	-	2,380	2,339
POM	2,469	2,287	2,400	2,451	2,522	2,430	2,247	2,490	-	-	-	-	2,408	2,415
CON	2,514	2,367	2,473	2,665	2,610	2,546	2,278	2,604	-	-	-	-	2,501	2,464

# Net Operating Income per Weighted Patient Days



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	137	186	120	(133)	(39)	255	73	1	-	-	-	-	77	89
POM	(48)	140	(52)	105	(132)	(211)	155	(110)	-	-	-	-	(15)	14
CON	56	164	45	(98)	(100)	71	95	(47)	-	-	-	-	27	58

## Key Variance Explanations for February 2007

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<b>Weighted Patient Days</b>	12,191	12,041	150
<b>Gross Patient Revenue:</b>	97,967,724	96,050,509	1,917,215
Due to higher volumes			
<b>Contractuals:</b>	68,082,512	66,671,500	(1,411,012)
Due to higher-than-budgeted revenues			
<b>Net Capitation:</b>	435,173	57,825	377,348
<b>Other Operating Revenue:</b>	856,254	1,007,597	(151,343)
PPH Foundation lower than budget funding requests			(78,492)
Health Development lower than budget grants			(34,434)
Other lower than budget revenue/grants			(48,368)

## Key Variance Explanations for February 2007 (Cont'd)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<b>Salaries &amp; Wages:</b>	<b>13,950,228</b>	<b>13,832,591</b>	<b>(117,637)</b>
Volume variance			54,682
Market and performance adjustments			(157,686)
<b>Benefits:</b>	<b>3,935,903</b>	<b>3,568,727</b>	<b>(367,176)</b>
FICA and Other Benefits			(149,806)
Pension			(144,013)
Worker's Compensation			(30,016)
Health and Dental			(21,265)
<b>Contract Labor:</b>	<b>689,636</b>	<b>613,514</b>	<b>(76,122)</b>
Ultrasound			(35,665)
Physical Therapy			(27,146)
<b>Professional Fees:</b>	<b>1,981,396</b>	<b>1,792,651</b>	<b>(188,745)</b>
Legal Fees			(134,563)
Pal & Pomerado ED calls			(82,427)
Rehabcare Therapist fees			(56,932)
Gateway & Parkway Radiology Physician Fees			47,732
Other			42,277
<b>Supplies:</b>	<b>4,844,066</b>	<b>4,976,108</b>	<b>132,042</b>
Volume variance			194,032

## Key Variance Explanations for February 2007 (Cont'd)

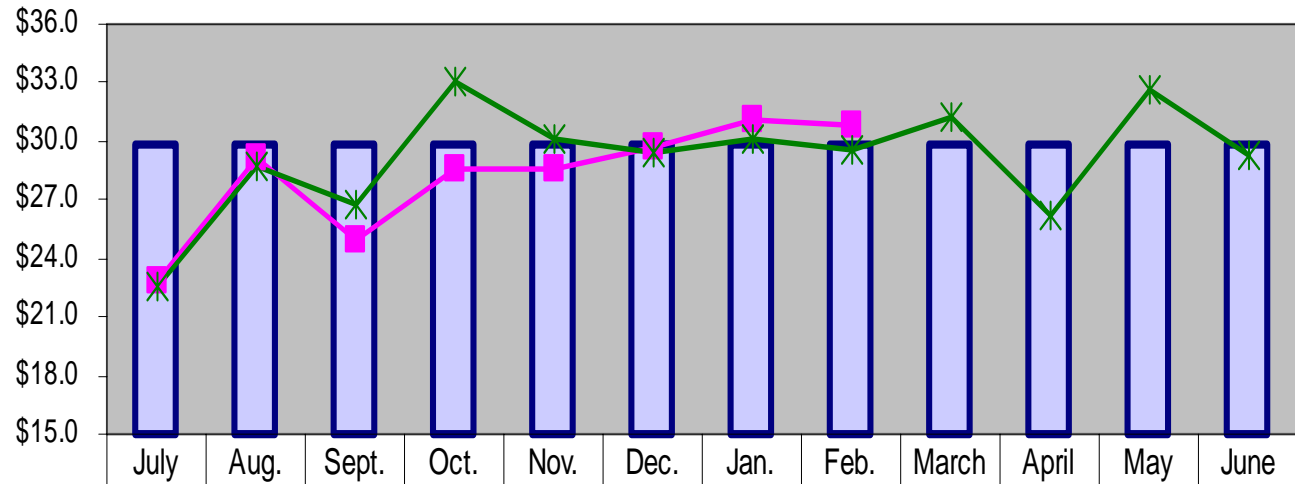
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<b>Purchased Services:</b>	<b>2,622,359</b>	<b>1,955,029</b>	<b>(667,330)</b>
Retro eligibility service fees			(243,753)
Premier clinical utilization retro fees			(107,773)
Reference lab			(66,666)
IT consulting			(66,465)
Food services			(61,838)
MRI services retro services			(49,383)
Transcription fees			(36,135)
<b>Depreciation:</b>	<b>1,634,362</b>	<b>1,573,192</b>	<b>(61,170)</b>
Escondido Surgery Center			(35,173)
Additional CIP's closed			(25,996)
<b>Other Direct Expenses:</b>	<b>2,091,461</b>	<b>1,859,498</b>	<b>(231,963)</b>
Media consulting and design			(180,227)
Foundation LOC			(91,343)
<b>Net Income From Operations</b>	<b><u>(\$572,772)</u></b>	<b><u>\$273,121</u></b>	<b><u>(\$845,893)</u></b>

## Key Variance Highlights for February 2007 YTD

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<b>Benefits:</b>	<b>31,038,233</b>	<b>29,852,708</b>	<b>(1,185,525)</b>
Pension			(562,946)
Worker's Compensation			(263,314)
FICA and Other Benefits			(262,749)
Health and Dental			(100,605)
<b>Professional Fees:</b>	<b>15,945,414</b>	<b>14,487,058</b>	<b>(1,458,356)</b>
Legal Fees			(861,888)
Rehabcare Therapist fees			(424,969)
Pomerado ED calls			(357,285)
Gateway & Parkway Radiology Physician Fees			217,431
<b>Purchased Services:</b>	<b>18,647,059</b>	<b>16,966,842</b>	<b>(1,680,217)</b>
Collection fees			(1,189,639)
Gateway/Parkway contracted services			(600,446)
<b>Depreciation:</b>	<b>13,181,657</b>	<b>12,554,888</b>	<b>(626,769)</b>
Additional depreciation on closed CIP's			(345,337)
Escondido Surgery Center			(281,432)



### PBS Monthly Collections in Millions



	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June
FY07 Goal	\$29.9	\$29.9	\$29.9	\$29.9	\$29.9	\$29.9	\$29.9	\$29.9	\$29.9	\$29.9	\$29.9	\$29.9
Pr. Yr Actual	\$22.6	\$28.7	\$26.8	\$33.1	\$30.1	\$29.5	\$30.2	\$29.6	\$31.2	\$26.2	\$32.6	\$29.2
Curr. Yr Actual	\$22.8	\$29.1	\$24.9	\$28.6	\$28.5	\$29.7	\$31.1	\$30.8				

Palomar Pomerado Health  
Consolidated Balance Sheet  
As of February 28, 2007

	Current Month	Prior Month	Prior Fiscal Year End
<b>Assets</b>			
<b>Current Assets</b>			
Cash on Hand	\$7,752,435	\$9,323,415	\$2,001,279
Cash Marketable Securities	102,634,804	94,393,348	110,035,151
<b>Total Cash &amp; Cash Equivalents</b>	<b>110,387,239</b>	<b>103,716,763</b>	<b>112,036,430</b>
<b>Patient Accounts Receivable</b>	<b>175,465,403</b>	<b>188,311,276</b>	<b>149,045,009</b>
Allowance on Accounts	-86,072,433	-97,229,458	-78,078,378
<b>Net Accounts Receivable</b>	<b>89,392,970</b>	<b>91,081,818</b>	<b>70,966,631</b>
Inventories	6,992,599	7,047,273	6,937,645
Prepaid Expenses	2,098,236	1,930,867	2,293,992
Other	8,914,794	8,624,406	3,868,903
<b>Total Current Assets</b>	<b>217,785,838</b>	<b>212,401,127</b>	<b>196,103,601</b>
<b>Non-Current Assets</b>			
Restricted Assets	200,780,836	203,610,330	66,734,609
Restricted by Donor	293,948	293,315	288,265
Board Designated	-3,319,513	-2,050,389	9,267,526
<b>Total Restricted Assets</b>	<b>197,755,271</b>	<b>201,853,256</b>	<b>76,290,400</b>
Property Plant & Equipment	337,118,824	337,908,826	343,335,572
Accumulated Depreciation	-222,348,892	-222,093,169	-220,455,460
Construction in Process	121,133,335	119,217,880	85,858,842
<b>Net Property Plant &amp; Equipment</b>	<b>235,903,267</b>	<b>235,033,537</b>	<b>208,738,954</b>
Investment in Related Companies	1,535,190	1,473,658	268,203
Deferred Financing Costs	4,948,997	5,560,540	3,354,469
Other Non-Current Assets	2,501,158	2,514,807	2,594,765
<b>Total Non-Current Assets</b>	<b>442,643,883</b>	<b>446,435,798</b>	<b>291,246,791</b>
<b>Total Assets</b>	<b>\$660,429,721</b>	<b>\$658,836,925</b>	<b>\$487,350,392</b>

	Current Month	Prior Month	Prior Fiscal Year End
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$19,365,859	\$17,326,326	\$23,154,953
Accrued Payroll	16,748,358	16,569,063	13,504,395
Accrued PTO	11,757,409	11,360,431	11,133,368
Accrued Interest Payable	1,796,078	2,865,061	2,265,274
Current Portion of Bonds	13,220,000	13,220,000	12,745,000
Est Third Party Settlements	-480,491	-380,548	-995,051
Other Current Liabilities	16,747,857	17,251,798	9,482,924
<b>Total Current Liabilities</b>	<b>79,155,070</b>	<b>78,212,131</b>	<b>71,290,863</b>
<b>Long Term Liabilities</b>			
Bonds & Contracts Payable	297,178,020	298,312,485	151,347,395
<b>Fund Balance</b>			
Unrestricted	287,122,393	284,069,382	255,156,342
Restricted for Other Purpose	293,948	293,315	288,265
Board Designated	-3,319,513	-2,050,389	9,267,526
<b>Total Long Term Liabilities</b>	<b>284,096,828</b>	<b>282,312,308</b>	<b>264,712,133</b>
<b>Total Liabilities / Fund Balance</b>	<b>\$660,429,721</b>	<b>\$658,836,925</b>	<b>\$487,350,392</b>

**PALOMAR POMERADO HEALTH  
CONSOLIDATED  
Year-to-Date as of February FY 2007**

	Month Activity			Variance		\$/Wtg Pt Day		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
<b>Statistics:</b>								
Admissions - Acute	19,056	19,786	(730)					
Admissions - SNF	768	932	(164)					
Patient Days - Acute	74,261	77,775	(3,514)					
Patient Days - SNF	51,271	51,664	(393)					
ALOS - Acute	3.85	4.00	(0.15)					
ALOS - SNF	67.91	54.96	12.95					
Weighted Pt Days	102,171	104,506	(2,335)					
<b>Revenue:</b>								
Gross Revenue	\$ 817,164,212	\$ 833,503,785	\$ (16,339,573) U	\$ (18,623,154)	\$ 2,283,581	\$ 7,998.01	\$ 7,975.65	\$ 22.35
Deductions from Rev	(565,894,232)	(578,057,582)	12,163,350 F	12,915,665	(752,315)	(5,538.70)	(5,531.33)	(7.36)
Net Patient Revenue	251,269,980	255,446,203	(4,176,223) U	(5,707,489)	1,531,266	2,459.31	2,444.32	14.99
Other Oper Revenue	6,950,316	8,060,776	(1,110,460) U	(180,104)	(930,356)	68.03	77.13	(9.11)
<b>Total Net Revenue</b>	<b>258,220,296</b>	<b>263,506,979</b>	<b>(5,286,683) U</b>	<b>(5,887,593)</b>	<b>600,910</b>	<b>2,527.33</b>	<b>2,521.45</b>	<b>5.88</b>
<b>Expenses:</b>								
Salaries, Wages & Contr Labor	122,115,321	124,996,935	2,881,614 F	2,792,833	88,781	1,195.21	1,196.07	0.87
Benefits	31,038,233	29,852,708	(1,185,525) U	667,005	(1,852,530)	303.79	285.66	(18.13)
Supplies	39,900,652	43,160,140	3,259,488 F	964,336	2,295,152	390.53	412.99	22.46
Prof Fees & Purch Svc	34,592,473	31,453,900	(3,138,573) U	702,781	(3,841,354)	338.57	300.98	(37.60)
Depreciation	13,181,657	12,554,888	(626,769) U	280,517	(907,286)	129.02	120.14	(8.88)
Other	14,682,979	15,444,230	761,251 F	345,074	416,177	143.71	147.78	4.07
<b>Total Expenses</b>	<b>255,511,315</b>	<b>257,462,801</b>	<b>1,951,486 F</b>	<b>5,752,547</b>	<b>(3,801,061)</b>	<b>2,500.82</b>	<b>2,463.62</b>	<b>(37.20)</b>
<b>Net Inc Before Non-Oper Income</b>	<b>2,708,981</b>	<b>6,044,178</b>	<b>(3,335,197) U</b>	<b>(135,046)</b>	<b>(3,200,151)</b>	<b>26.51</b>	<b>57.84</b>	<b>(31.32)</b>
Property Tax Revenue	8,433,328	8,433,328	-	(188,428)	188,428	82.54	80.70	1.84
Non-Operating Income	1,987,061	584,464	1,402,597 F	(13,059)	1,415,656	19.45	5.59	13.86
<b>Net Income (Loss)</b>	<b>\$ 13,129,370</b>	<b>\$ 15,061,970</b>	<b>\$ (1,932,600) U</b>	<b>\$ (336,533)</b>	<b>\$ (1,596,067)</b>	<b>\$ 128.50</b>	<b>\$ 144.13</b>	<b>\$ (15.62)</b>
Net Income Margin	4.8%	5.4%	-0.6%					
OEBITDA Margin w/o Prop Tax	5.8%	6.7%	-0.9%					
OEBITDA Margin with Prop Tax	8.9%	9.8%	-0.9%					

F= Favorable variance  
U= Unfavorable variance

**PALOMAR POMERADO HEALTH**  
**CONSOLIDATED**  
 Month-to-Date as of February FY 2007

	Month Activity			Variance		\$/Wtg Pt Day		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
<b>Statistics:</b>								
Admissions - Acute	2,099	2,280	(181)					
Admissions - SNF	80	107	(27)					
Patient Days - Acute	8,877	8,961	(84)					
Patient Days - SNF	5,914	5,953	(39)					
ALOS - Acute	4.07	4.00	0.07					
ALOS - SNF	73.01	55.12	17.89					
Weighted Pt Days	12,191	12,041	150					
<b>Revenue:</b>								
Gross Revenue	\$ 97,967,724	\$ 96,050,509	\$ 1,917,215 F	\$ 1,196,543	\$ 720,672	\$ 8,036.07	\$ 7,976.95	\$ 59.12
Deductions from Rev	(67,647,339)	(66,613,675)	(1,033,664) U	(829,836)	(203,828)	(5,548.96)	(5,532.24)	(16.72)
Net Patient Revenue	30,320,385	29,436,834	883,551 F	366,708	516,843	2,487.11	2,444.72	42.40
Other Oper Revenue	856,254	1,007,597	(151,343) U	12,552	(163,895)	70.24	83.68	(13.44)
<b>Total Net Revenue</b>	<b>31,176,639</b>	<b>30,444,431</b>	<b>732,208 F</b>	<b>379,260</b>	<b>352,948</b>	<b>2,557.35</b>	<b>2,528.40</b>	<b>28.95</b>
<b>Expenses:</b>								
Salaries, Wages & Contr Labor	14,639,864	14,446,105	(193,759) U	(179,961)	(13,798)	1,200.87	1,199.74	(1.13)
Benefits	3,935,903	3,568,727	(367,176) U	(44,457)	(322,719)	322.85	296.38	(26.47)
Supplies	4,844,066	4,976,108	132,042 F	(61,990)	194,032	397.35	413.26	15.92
Prof Fees & Purch Svc	4,603,755	3,747,680	(856,075) U	(46,686)	(809,389)	377.64	311.24	(66.39)
Depreciation	1,634,362	1,573,192	(61,170) U	(19,598)	(41,572)	134.06	130.65	(3.41)
Other	2,091,461	1,859,498	(231,963) U	(23,165)	(208,798)	171.56	154.43	(17.13)
<b>Total Expenses</b>	<b>31,749,411</b>	<b>30,171,310</b>	<b>(1,578,101) U</b>	<b>(375,857)</b>	<b>(1,202,244)</b>	<b>2,604.33</b>	<b>2,505.71</b>	<b>(98.62)</b>
<b>Net Inc Before Non-Oper Income</b>	<b>(572,772)</b>	<b>273,121</b>	<b>(845,893) U</b>	<b>3,402</b>	<b>(849,295)</b>	<b>(46.98)</b>	<b>22.68</b>	<b>(69.67)</b>
Property Tax Revenue	1,054,166	1,054,166	- -	13,132	(13,132)	86.47	87.55	(1.08)
Non-Operating Income	529,360	73,058	456,302 F	910	455,392	43.42	6.07	37.35
<b>Net Income (Loss)</b>	<b>\$ 1,010,754</b>	<b>\$ 1,400,345</b>	<b>\$ (389,591) U</b>	<b>\$ 17,445</b>	<b>\$ (407,036)</b>	<b>\$ 82.91</b>	<b>\$ 116.30</b>	<b>\$ (33.39)</b>
Net Income Margin	3.2%	4.4%	-1.2%					
OEBITDA Margin w/o Prop Tax	3.4%	5.8%	-2.4%					
OEBITDA Margin with Prop Tax	6.8%	9.1%	-2.3%					

F= Favorable variance  
 U= Unfavorable variance

**PALOMAR POMERADO HEALTH**  
**CONSOLIDATED**  
February 2007 YTD vs. February 2006 YTD

	Month Activity			Variance		\$/Wtg Pt Day		
	Feb 07 YTD	Feb 06 YTD	Variance	Volume	Rate/Eff	Actual	Budget	Variance
<b>Statistics:</b>								
Admissions - Acute	19,056	18,883	173					
Admissions - SNF	768	799	(31)					
Patient Days - Acute	74,261	75,322	(1,061)					
Patient Days - SNF	51,271	50,517	754					
ALOS - Acute	3.85	4.03	(0.18)					
ALOS - SNF	67.91	62.68	5.23					
Weighted Pt Days	102,171	100,018	2,153					
<b>Revenue:</b>								
Gross Revenue	\$ 817,164,212	\$ 735,577,178	\$ 81,587,034 F	\$ 15,834,126	\$ 65,752,908	\$ 7,998.01	\$ 7,354.45	\$ 643.56
Deductions from Rev	(565,894,232)	(502,193,920)	(63,700,312) U	(10,810,289)	(52,890,023)	(5,538.70)	(5,021.04)	(517.66)
Net Patient Revenue	251,269,980	233,383,258	17,886,722 F	5,023,837	12,862,885	2,459.31	2,333.41	125.90
Other Oper Revenue	6,950,316	5,707,749	1,242,567 F	122,866	1,119,701	68.03	57.07	10.96
<b>Total Net Revenue</b>	<b>258,220,296</b>	<b>239,091,007</b>	<b>19,129,289 F</b>	<b>5,146,703</b>	<b>13,982,586</b>	<b>2,527.33</b>	<b>2,390.48</b>	<b>136.85</b>
<b>Expenses:</b>								
Salaries, Wages & Contr Labor	122,115,321	113,636,626	(8,478,695) U	(2,446,156)	(6,032,539)	1,195.21	1,136.16	(59.04)
Benefits	31,038,233	27,368,894	(3,669,339) U	(589,146)	(3,080,193)	303.79	273.64	(30.15)
Supplies	39,900,652	41,565,365	1,664,713 F	(894,741)	2,559,454	390.53	415.58	25.05
Prof Fees & Purch Svc	34,592,473	30,084,336	(4,508,137) U	(647,599)	(3,860,538)	338.57	300.79	(37.79)
Depreciation	13,181,657	11,683,180	(1,498,477) U	(251,494)	(1,246,983)	129.02	116.81	(12.20)
Other	14,682,979	13,348,403	(1,334,576) U	(287,339)	(1,047,237)	143.71	133.46	(10.25)
<b>Total Expenses</b>	<b>255,511,315</b>	<b>237,686,804</b>	<b>(17,824,511) U</b>	<b>(5,116,476)</b>	<b>(12,708,035)</b>	<b>2,500.82</b>	<b>2,376.44</b>	<b>(124.38)</b>
<b>Net Inc Before Non-Oper Income</b>	<b>2,708,981</b>	<b>1,404,203</b>	<b>1,304,778 F</b>	<b>30,227</b>	<b>1,274,551</b>	<b>26.51</b>	<b>14.04</b>	<b>12.47</b>
Property Tax Revenue	8,433,328	7,266,664	1,166,664 F	156,423	1,010,241	82.54	72.65	9.89
Non-Operating Income	1,987,061	(790,313)	2,777,374 F	(17,012)	2,794,386	19.45	(7.90)	27.35
<b>Net Income (Loss)</b>	<b>\$ 13,129,370</b>	<b>\$ 7,880,554</b>	<b>\$ 5,248,816 F</b>	<b>\$ 169,638</b>	<b>\$ 5,079,178</b>	<b>\$ 128.50</b>	<b>\$ 78.79</b>	<b>\$ 49.71</b>
Net Income Margin	4.8%	3.1%	1.7%					
OEBITDA Margin w/o Prop Tax	5.8%	5.2%	0.6%					
OEBITDA Margin with Prop Tax	8.9%	8.0%	0.9%					

F= Favorable variance  
U= Unfavorable variance

**PALOMAR POMERADO HEALTH**  
**CONSOLIDATED**  
**MONTHLY TREND - FY 2007**

	<b>Jul-06</b>	<b>Aug-06</b>	<b>Sep-06</b>	<b>Oct-06</b>	<b>Nov-06</b>	<b>Dec-06</b>	<b>Jan-07</b>	<b>Feb-07</b>	<b>YTD</b>
<b>Statistics:</b>									
Admissions - Acute	2,402	2,464	2,443	2,384	2,323	2,460	2,481	2,099	19,056
Admissions - SNF	104	99	90	104	87	99	105	80	768
Patient Days - Acute	9,180	9,535	9,151	8,819	8,610	9,559	10,530	8,877	74,261
Patient Days - SNF	6,635	6,517	6,308	6,590	6,278	6,503	6,526	5,914	51,271
LOS - Acute	3.86	3.82	3.70	3.64	3.74	3.88	4.11	4.07	3.85
LOS - SNF	72.12	63.27	64.37	69.37	64.72	71.46	66.59	73.01	67.91
Weighted Pt Days	12,517	13,150	12,568	12,431	12,042	12,813	14,443	12,191	102,171
<b>Revenue:</b>									
Gross Revenue	\$ 99,141,914	\$ 104,303,733	\$ 96,648,451	\$ 102,455,908	\$ 100,077,561	\$ 103,866,051	\$ 112,702,867	\$ 97,967,724	\$ 817,164,212
Deductions from Rev	(67,846,129)	(72,046,060)	(65,925,304)	(71,374,464)	(70,633,148)	(71,115,954)	(79,305,827)	(67,647,339)	(565,894,232)
Net Patient Revenue	31,295,785	32,257,673	30,723,147	31,081,444	29,444,413	32,750,097	33,397,040	30,320,385	251,269,980
Other Oper Revenue	872,741	1,024,339	917,501	836,197	790,479	777,515	875,290	856,254	6,950,316
<b>Total Net Revenue</b>	<b>32,168,526</b>	<b>33,282,012</b>	<b>31,640,648</b>	<b>31,917,641</b>	<b>30,234,892</b>	<b>33,527,612</b>	<b>34,272,330</b>	<b>31,176,639</b>	<b>258,220,296</b>
<b>Expenses:</b>									
Salaries, Wages & Contr Labor	15,474,327	14,754,829	14,727,754	16,146,815	14,968,840	15,945,604	15,457,289	14,639,864	122,115,321
Benefits	3,710,570	3,719,161	3,639,220	4,022,437	3,833,574	3,995,671	4,181,695	3,935,903	31,038,233
Supplies	5,053,134	5,252,262	4,645,918	4,986,864	4,688,222	5,203,199	5,226,986	4,844,066	39,900,652
Prof Fees & Purch Svc	3,957,885	4,023,887	4,535,289	4,491,200	4,212,258	4,164,990	4,603,211	4,603,755	34,592,473
Depreciation	1,647,188	1,661,866	1,661,093	1,668,606	1,672,974	1,680,349	1,555,220	1,634,362	13,181,657
Other	1,626,284	1,709,799	1,872,046	1,818,374	2,059,500	1,632,347	1,873,169	2,091,461	14,682,979
<b>Total Expenses</b>	<b>31,469,388</b>	<b>31,121,804</b>	<b>31,081,320</b>	<b>33,134,296</b>	<b>31,435,368</b>	<b>32,622,160</b>	<b>32,897,570</b>	<b>31,749,411</b>	<b>255,511,315</b>
<b>Net Inc Before Non-Oper Income</b>	<b>699,138</b>	<b>2,160,208</b>	<b>559,328</b>	<b>(1,216,655)</b>	<b>(1,200,476)</b>	<b>905,452</b>	<b>1,374,760</b>	<b>(572,772)</b>	<b>2,708,981</b>
Property Tax Revenue	1,054,166	1,054,166	1,054,166	1,054,166	1,054,166	1,054,166	1,054,166	1,054,166	8,433,328
Non-Operating Income	427,875	505,503	338,114	190,429	298,286	(223,879)	(78,623)	529,360	1,987,061
<b>Net Income (Loss)</b>	<b>\$ 2,181,179</b>	<b>\$ 3,719,874</b>	<b>\$ 1,951,605</b>	<b>\$ 27,940</b>	<b>\$ 151,976</b>	<b>\$ 1,735,739</b>	<b>\$ 2,350,303</b>	<b>\$ 1,010,754</b>	<b>\$ 13,129,370</b>
Net Income Margin	6.5%	10.0%	6.1%	0.1%	0.5%	4.8%	6.5%	3.2%	4.8%
OEBITDA Margin w/o Prop Tax	6.9%	10.3%	6.9%	1.3%	1.4%	7.1%	8.1%	3.4%	5.8%
OEBITDA Margin w ith Prop Tax	10.1%	13.2%	10.2%	4.4%	4.6%	10.0%	11.0%	6.8%	8.9%

**STATEMENTS OF CASH FLOWS**  
**Fiscal Year 2007**

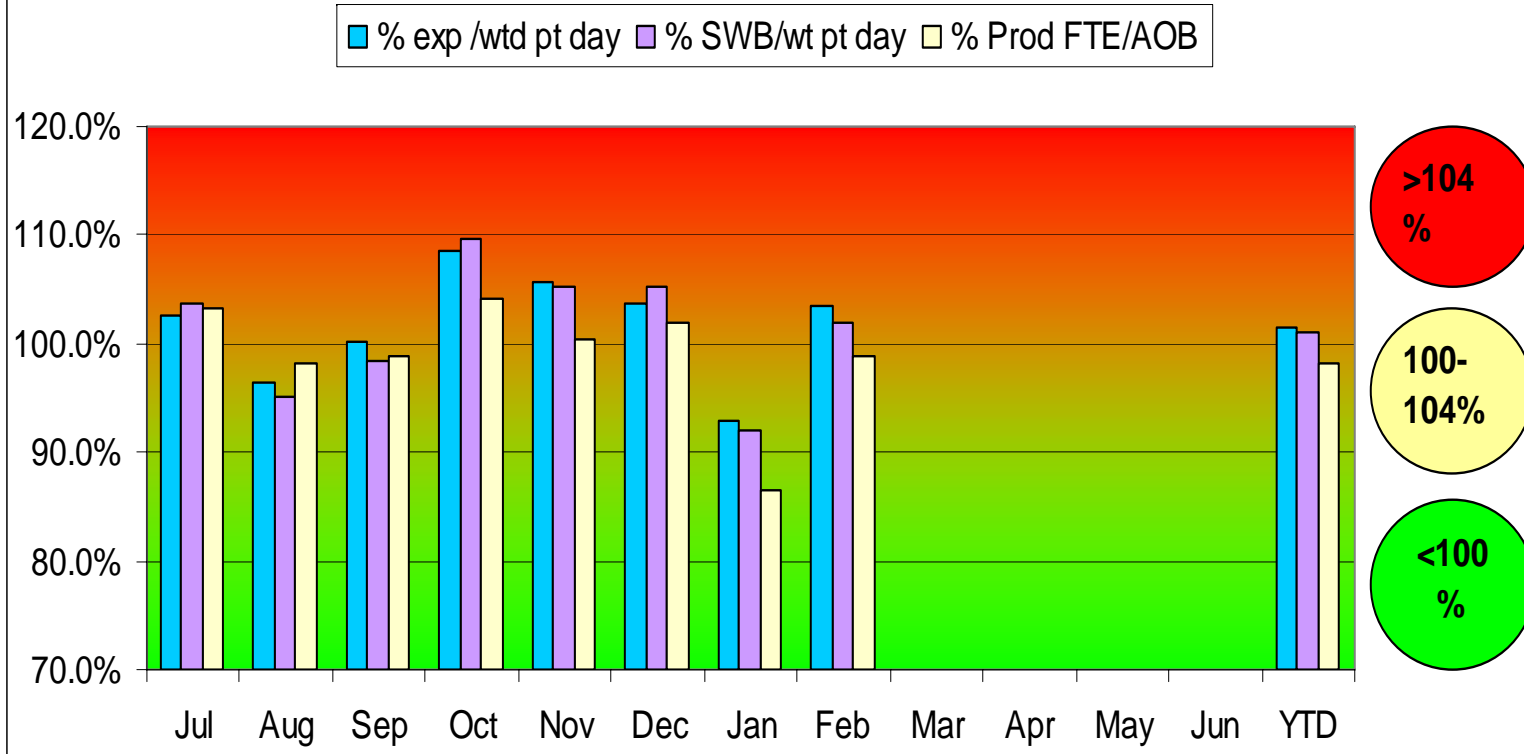
	<u>February</u>	<u>YTD</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Income (Loss from operations)	(572,772)	2,708,481
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation Expense	1,634,362	13,181,659
Provision for bad debts	848,466	22,404,357
Changes in operating assets and liabilities:		
Patient accounts receivable	840,382	(40,772,347)
Property Tax and other receivables	(772,747)	(4,553,224)
Inventories	54,674	(54,954)
Prepaid expenses and Other Non-Current assets	(228,901)	(1,023,317)
Accounts payable	2,039,533	(10,993,259)
Accrued comp	576,273	1,778,685
Estimated settlement amounts due third-party payors	(99,943)	584,606
Other current liabilities	550,225	5,600,675
Net cash provided by operating activities	<u>4,869,552</u>	<u>(11,138,638)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net (purchases) sales on investments	(4,143,471)	(114,064,524)
Interest (Loss) received on investments	802,540	5,153,505
Investment in affiliates	100,494	1,122,981
Net cash used in investing activities	<u>(3,240,437)</u>	<u>(107,788,038)</u>
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:</b>		
Receipt of G.O. Bond Taxes	181,170	6,287,907
Receipt of District Taxes	214,344	7,321,826
Net cash used in activities	<u>395,514</u>	<u>13,609,733</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition of property plant and equipment	(1,849,897)	(37,281,690)
Proceeds from sale of asset	0	11,400
G.O. Bond Interest paid	(1,745,713)	(3,584,201)
Revenue Bond Interest paid	0	(2,068,283)
Proceeds from issuance of debt	0	159,026,893
Payments of LT Debt	0	(12,745,000)
Net cash used in activities	<u>(3,595,610)</u>	<u>103,359,119</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,570,981)</b>	<b>(1,957,824)</b>
CASH AND CASH EQUIVALENTS - Beginning of period	<u>9,323,415</u>	<u>9,710,258</u>
CASH AND CASH EQUIVALENTS - End of period	<u>7,752,434</u>	<u>7,752,434</u>

**BOND COVENANT RATIOS**

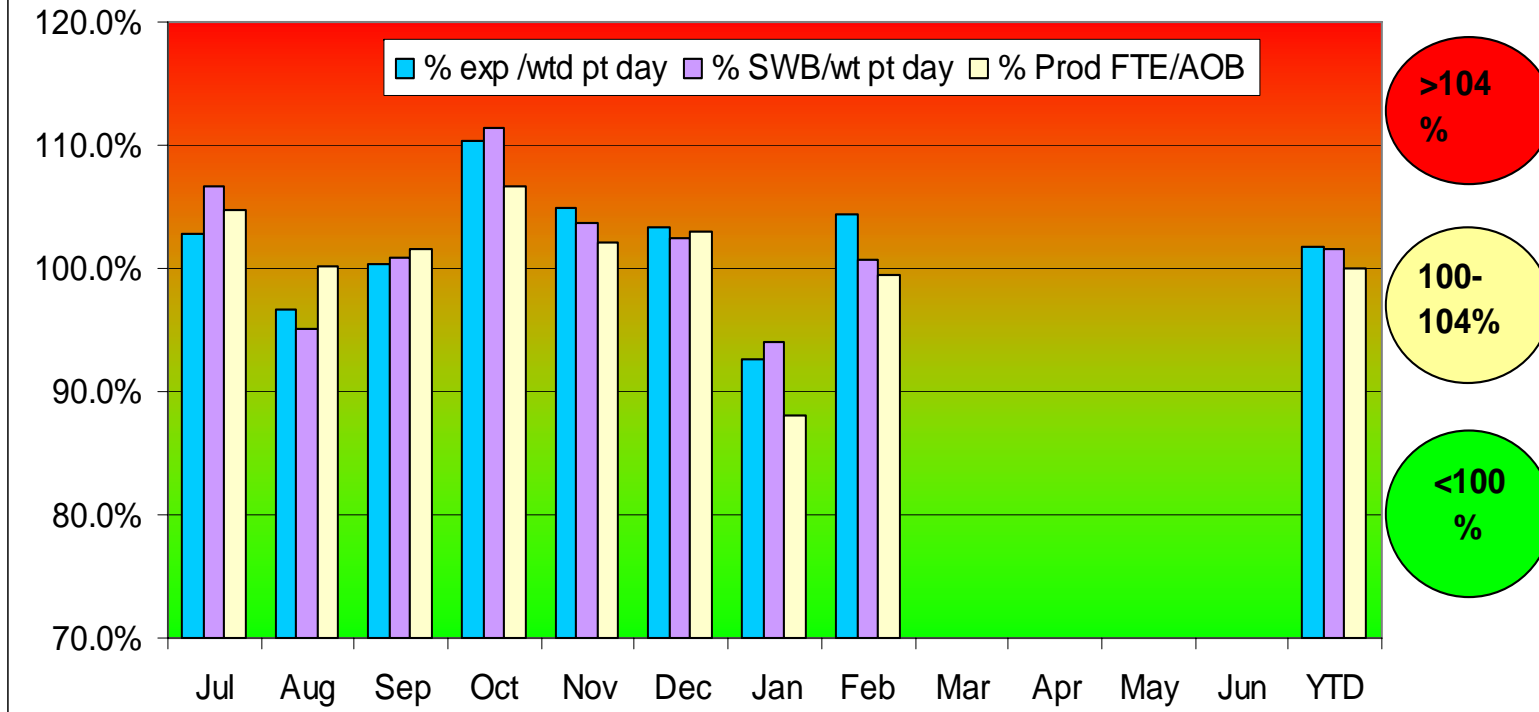
<b>CUSHION RATIO</b>	<b>Jun-05</b>	<b>Jun-06</b>	<b>Feb-07</b>
Cash and Cash Equivalents	109,043,208	112,036,430	110,387,239
Board Designated Reserves	22,388,648	9,267,526	(3,319,513)
Trustee-held Funds	12,026,055	12,170,183	167,364,376
Total	143,457,911	133,474,139	274,432,102
Divided by:			
Max Annual Debt Service (Bond Year 2008)	10,697,594	10,697,594	16,972,692
<b>CUSHION RATIO</b>	<b>13.4</b>	<b>12.5</b>	<b>16.2</b>
<b>REQUIREMENT</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>
	<b>Achieved</b>	<b>Achieved</b>	<b>Achieved</b>
<b>DAYS CASH ON HAND</b>	<b>Jun-05</b>	<b>Jun-06</b>	<b>Feb-07</b>
Cash and Cash Equivalents	109,043,208	112,036,430	110,387,239
Board Designated Reserves	22,388,648	9,267,526	(3,319,513)
Total	131,431,856	121,303,956	107,067,726
Divide Total by Average Adjusted Expenses per Day			
Total Expenses	340,338,156	364,120,335	255,511,419
Less: Depreciation	16,394,985	18,737,467	13,181,657
Adjusted Expenses	323,943,171	345,382,868	242,329,762
Number of days in period	365	365	243
Average Adjusted Expenses per Day	887,516	946,254	997,242
<b>DAYS CASH ON HAND</b>	<b>148</b>	<b>128</b>	<b>107</b>
<b>REQUIREMENT</b>	<b>90</b>	<b>90</b>	<b>90</b>
	<b>Achieved</b>	<b>Achieved</b>	<b>Achieved</b>
<b>Net Income Available for Debt Service</b>	<b>Jun-05</b>	<b>Jun-06</b>	<b>Feb-07</b>
Excess of revenue over expenses Cur Mo.	1,490,930	1,315,850	1,010,754
Excess of revenues over expenses YTD (General Funds)	17,052,649	11,558,633	13,129,266
ADD:			
Depreciation and Amortization	16,394,985	18,737,467	13,181,657
Interest Expense	5,272,031	4,405,929	3,123,257
Net Income Available for Debt Service	38,719,665	34,702,029	29,434,180
Aggregate Debt Service			
1993 Insured Refunding Revenue Bonds	6,020,301	3,639,772	0
1999 Insured Refunding Revenue Bonds	4,356,844	6,950,508	5,499,621
2006 Certificates of Participation			1,874,289
Aggregate Debt Service	10,377,145	10,590,280	5,499,621
<b>Net Income Available for Debt Service</b>	<b>3.73</b>	<b>3.28</b>	<b>5.35</b>
<b>Required Coverage</b>	<b>1.15</b>	<b>1.15</b>	<b>1.15</b>
	<b>Achieved</b>	<b>Achieved</b>	<b>Achieved</b>



### PPH Total Consolidated Financial Indicators BSC-FY07

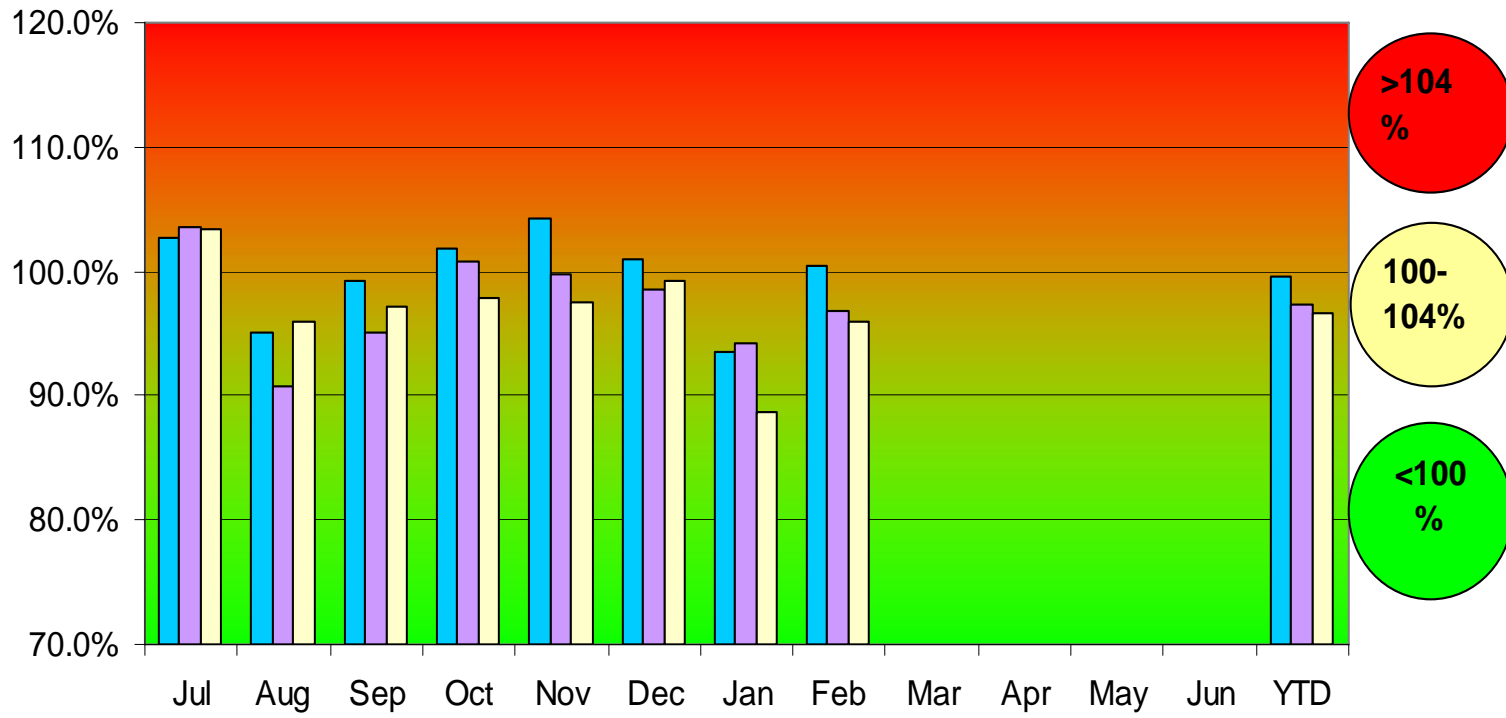


### PPH North Consolidated Financial Indicators BSC-FY07

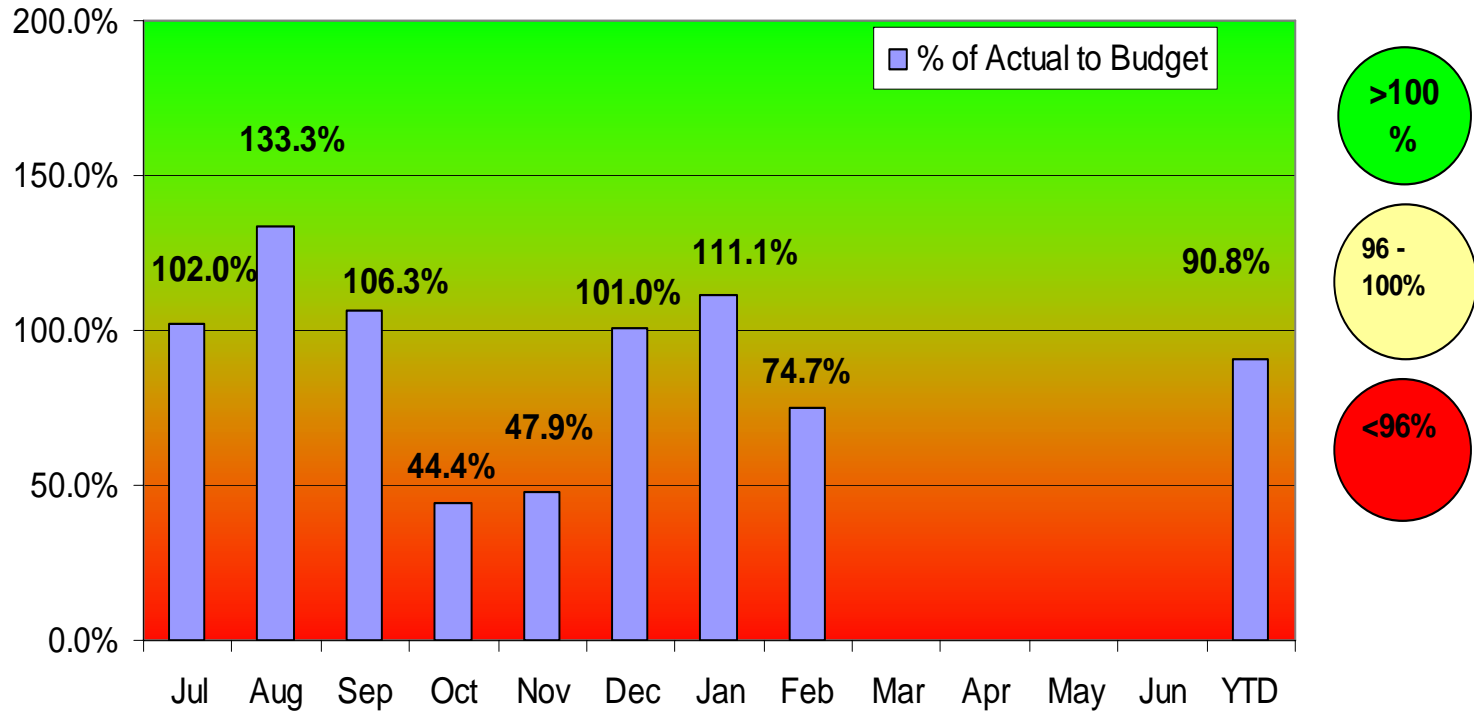


### PPH South Consolidated Financial Indicators BSC-FY07

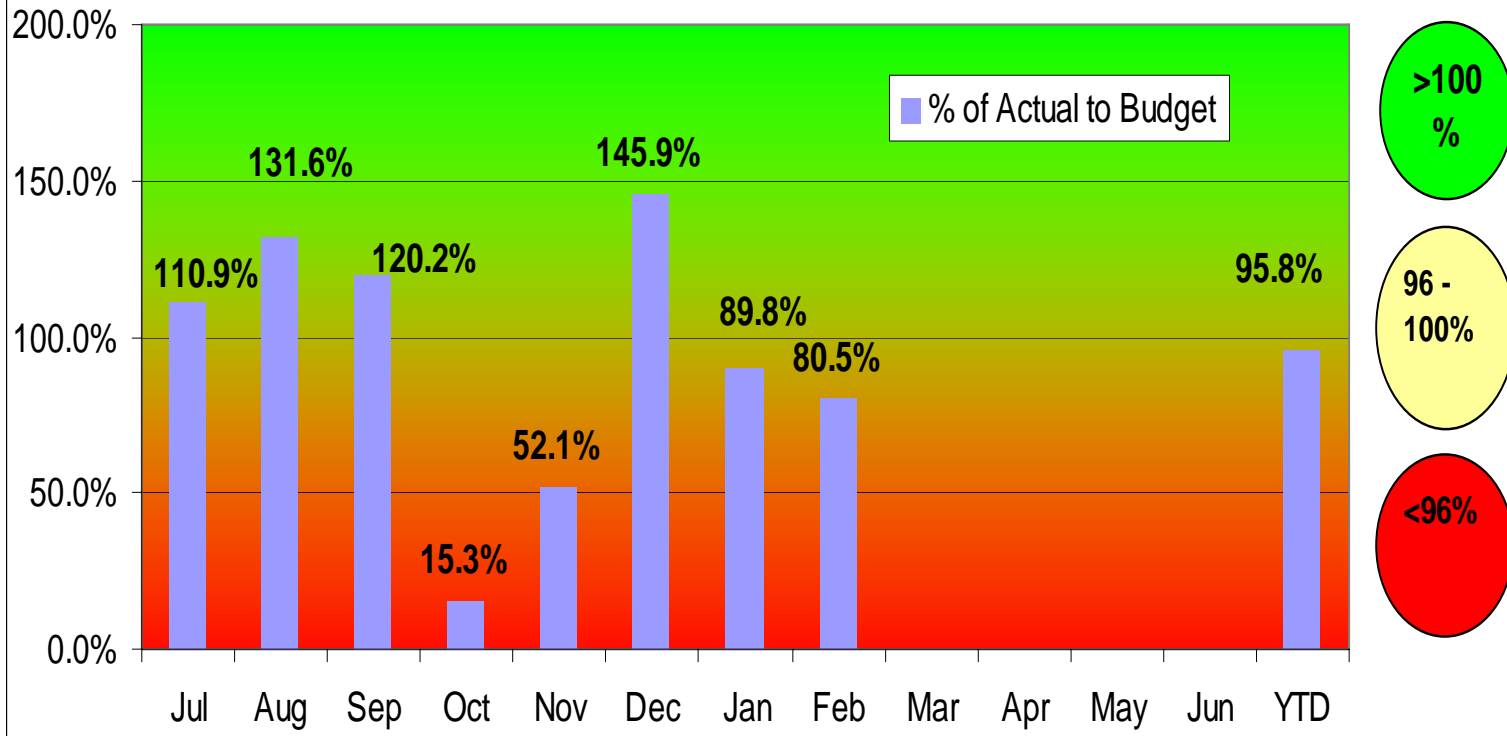
■ % exp /wtd pt day   ■ % SWB/wt pt day   ■ % Prod FTE/AOB



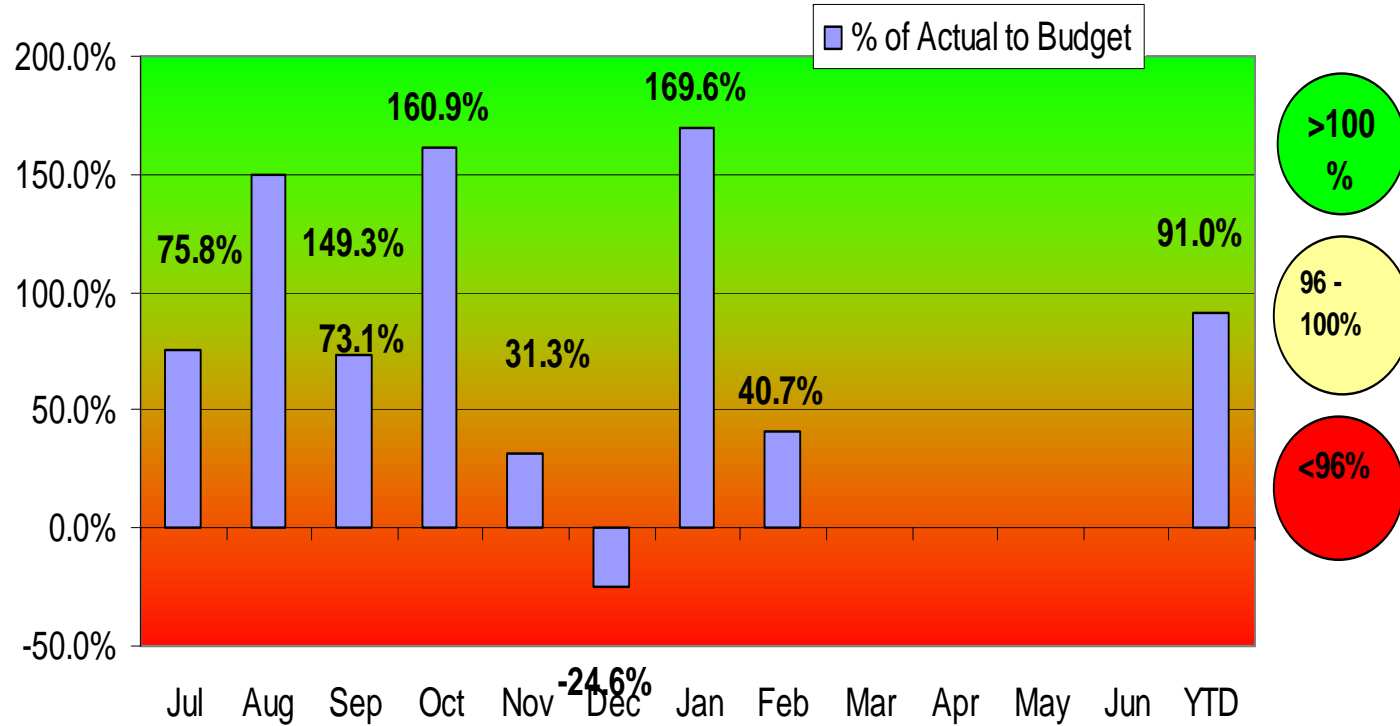
### PPH Total Consolidated OEBITDA w/ Prop Taxes -FY07



### PPH North Consolidated OEBITDA w/ Prop Taxes - FY07



### PPH South Consolidated OEBITDA w/ Prop Taxes - FY07



## PPH Weekly Flash Report

March 07	Mar 2-8	Mar 9-15			MTD Total	MTD Budget	% Variance
ADC (Acute)	321	302			312	320	(2.63)
PMC	244	227			236	239	(1.23)
POM	77	75			76	81	(6.73)
PCCC	86	80			83	89	(5.93)
VP	127	122			124	124	0.29
Patient Days (Acute)	2250	2113			4,363	4,481	(2.63)
PMC	1711	1588			3,299	3,340	(1.23)
POM	539	525			1,064	1,141	(6.73)
PCCC	604	563			1,167	1,241	(5.93)
VP	886	855			1,741	1,736	0.29
Discharges	587	545			1,132	1,133	(0.10)
PMC	433	404			837	840	(0.36)
POM	154	141			295	293	0.65
Number of Surgeries	253	232			485	470	3.16
PMC	173	157			330	306	7.77
POM	80	75			155	164	(5.45)
Number of Births	116	86			202	225	(10.36)
PMC	89	72			161	172	(6.18)
POM	27	14			41	54	(23.71)

## PPH Weekly Flash Report (Cont'd)

March 07	Mar 2-8	Mar 9-15			MTD Total	MTD Budget	% Variance
Outpatient Visits (inc. Lab)	2033	1991			4,024	3,828	5.11
PMC	1240	1292			2,532	2,610	(3.00)
POM	793	699			1,492	1,218	22.50
ER Visits	1760	1746			3,506	3,215	9.07
PMC	1227	1168			2,395	2,163	10.74
POM	533	578			1,111	1,052	5.63
Trauma Visits	19	19			38	48	(20.62)
IP	14	19			33	36	(7.50)
OP	5	0			5	12	(58.99)
Gross IP Revenue	19,410,772	18,669,609			38,080,381	37,426,765	1.75
Gross OP Revenue	5,374,000	5,477,033			10,851,033	10,560,583	2.75
Cash Collection	6,405,880	7,975,215			14,381,095	16,298,240	(11.76)
Days cash on hand	99	100			100	80	
Productive Hrs (PP 18)		207,254			207,254	214,745	3.49
PMC - North		121,167			121,167	124,788	2.90
POM - South		52,293			52,293	54,889	4.73
Others		33,794			33,794	35,068	3.63
Productive \$ (PP18)		6,388,202			6,388,202	6,475,561	1.35
PMC - North		3,759,865			3,759,865	3,763,798	0.10
POM - South		1,536,850			1,536,850	1,599,453	3.91
Others		1,091,487			1,091,487	1,112,310	1.87